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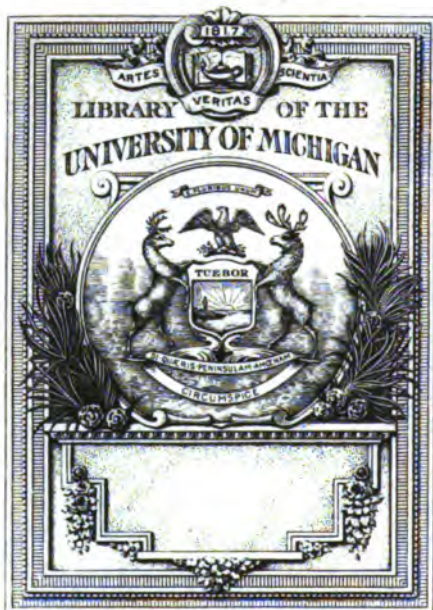
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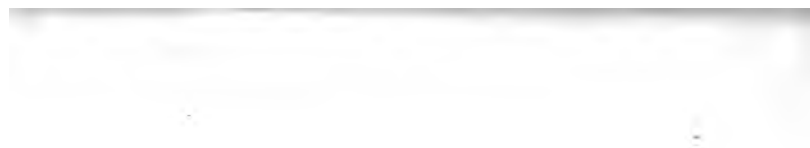
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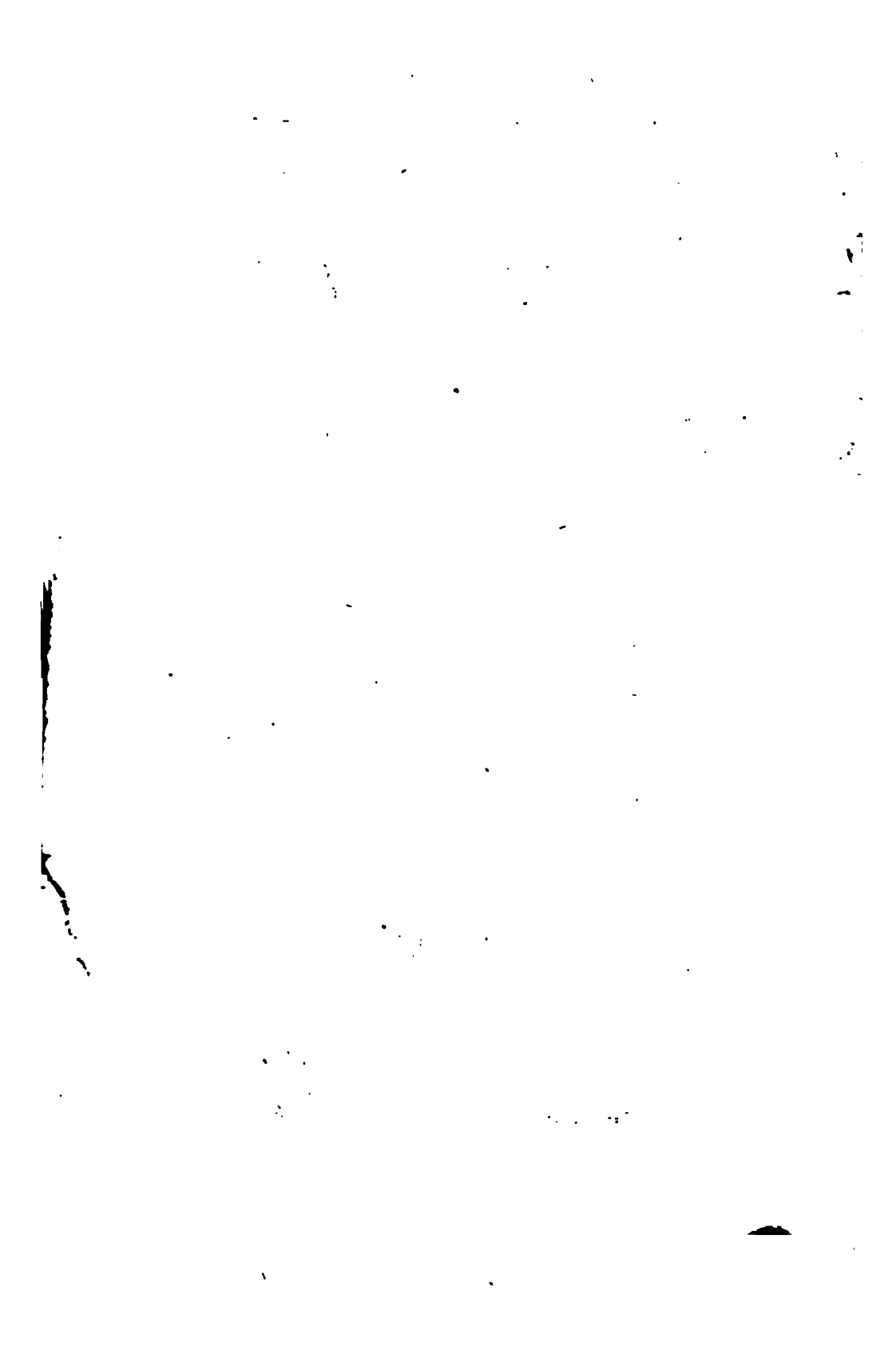
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THE SECRETS
OF
INTERNAL REVENUE:
EXPOSING

THE WHISKEY RING, GOLD RING, AND DRAWBACK FRAUDS; DIVULGING
THE SYSTEMATIC PILLAGE OF THE PUBLIC TREASURY AND FILCH-
INGS OF THE REVENUE; WITH ASTOUNDING DISCLOSURES OF
ORGANIZED DEPREDACTIONS, CONSPIRACIES, AND RAIDS
ON THE GOVERNMENT AND PEOPLE, AND VIVID
PORTRAYALS OF OFFICIAL TURPITUDE, MAL-
FEASANCE, TYRANNY, AND CORRUPTION.

BY
U. S. VIDOCQ,
DETECTIVE OF THE SECRET SERVICE,
AND
CONFIDENTIAL AGENT OF THE TREASURY DEPARTMENT.

EDITED
BY
FRANKLIN ELIOT FELTON.

With Graphic Illustrations.

PHILADELPHIA:
WILLIAM FLINT,
No. 28 SOUTH SEVENTH STREET.
CHICAGO, ILL., BOSTON, MASS., AND CINCINNATI, O.
M.D.CCC.LXX.

Entered according to Act of Congress, in the year 1869, by

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PREFACE.

WHEN men sharpen their swords for slaughter, they simultaneously sharpen their wits for plunder. The scent of human blood stimulates avarice, greed, and covetousness; and the wounded and dead, friend and foe alike, are stripped and despoiled after the battle by mercenary camp-followers and adventurers. During the late civil war the spirit of avarice was rampant in the community, and made its prey of public and private property. Ravenous harpies fattened on the necessities of the Government and speculated on the health, comfort and lives of the patriotic soldiers. Ofttimes the Federal troops were clad in flimsy and unserviceable apparel, made of refuse trash, and palmed off on the military authorities by merciless cormorants.

From the colossal profits of swindling contracts, needy men were suddenly raised to opulence; the "Shoddy Aristocracy" became a recognized class in the community and ostentatiously lavished their enormous wealth in extravagant living, dazzling jewels, fast horses, dashing Anonymas and every species of dissipation and debauchery.

The brave volunteers marched to battle in shoes fabricated with paper soles; and from such shams, cheats, and knavery, immense gains were realized.

Enormous bounties were tendered men to enlist in the military service, and recruiting officers and recruits were alike contaminated by the temptations to acquire ill-gotten wealth which were offered them.

Professional "bounty-jumpers" enlisted in the army, obtained their stipend, and deserted the service as soon as they reached camp. After their escape they betook themselves to some other rendezvous, and again enlisted under fictitious names; secured another bounty, and straightway deserted. Thus they continued to enlist, plunder and desert so long as they were undetected.

Recruiting officers, bounty brokers and "bounty jumpers" formed a Ring to swindle the Government and divide among themselves the spoils wrung from the sacrifices, liberality and patriotism of the people.

The demoralizing influences generated by the war survived the termination of hostilities, and were increased and aggravated on the return of peace, when the armies were disbanded and the legions of desperate men received fresh recruits.

When the war ended, Freebooters and Marauders were compelled to devise new schemes to plunder the Government and the people; and the revenue taxation, which was established to meet the increased expenditures of the public service, and the national debt incurred in prosecuting the war, gave both opportunity and facility to

the lawless class to exercise their ingenuity, desperation and greed in preying upon the public exchequer and enriching themselves.

The depravity, malpractices, stratagems and audacity of these public robbers have astounded and alarmed the community. They have openly defied the laws; they have perpetrated deeds of violence, and even resorted to murder and assassination to carry out their nefarious plans; they have bribed and corrupted Government officers, and formed wide-spread and powerful combinations and conspiracies to evade the law, circumvent the authorities, and amass wealth by fraud, chicanery, intimidation and bloodshed.

This Volume is designed to expose the machinations and personnel of this dangerous class; and the revelations it discloses merit the earnest attention of the public authorities and law-abiding citizens. The work will successfully have accomplished its mission, if it shall prove instrumental in introducing reform into the public service, check the malfeasance of outlaws and desperadoes, and lighten the burdens of oppressed taxpayers and honest men.

Such an authentic Narrative of felonious misdeeds and official complicity will doubtless evoke the virulent enmity, vengeful obloquy and malignant assaults of the banditti, guerrillas, contrabandists and miscreants whom it unmasks and scourges, for

“No rogue e'er felt the halter draw
With good opinion of the law.”

Censure and denunciation, however, from such polluted sources will in no wise disturb the Author's equanimity, nor impugn the credibility of his testimony, nor impair the potency and value of his revelations; envenomed vituperation, on the contrary, will prove the most laudatory panegyric which can be bestowed on this Exposition, and vindicate its claim to the merited favor and cordial approbation of all true Americans as subserving the interests of the Republic, whose welfare, fame and integrity it aims to shield from the artifices, intrigues and onslaughts of mercenary Schemers and banded Malefactors.

FRANKLIN ELIOT FELTON.

PHILADELPHIA, *February*, 1870.

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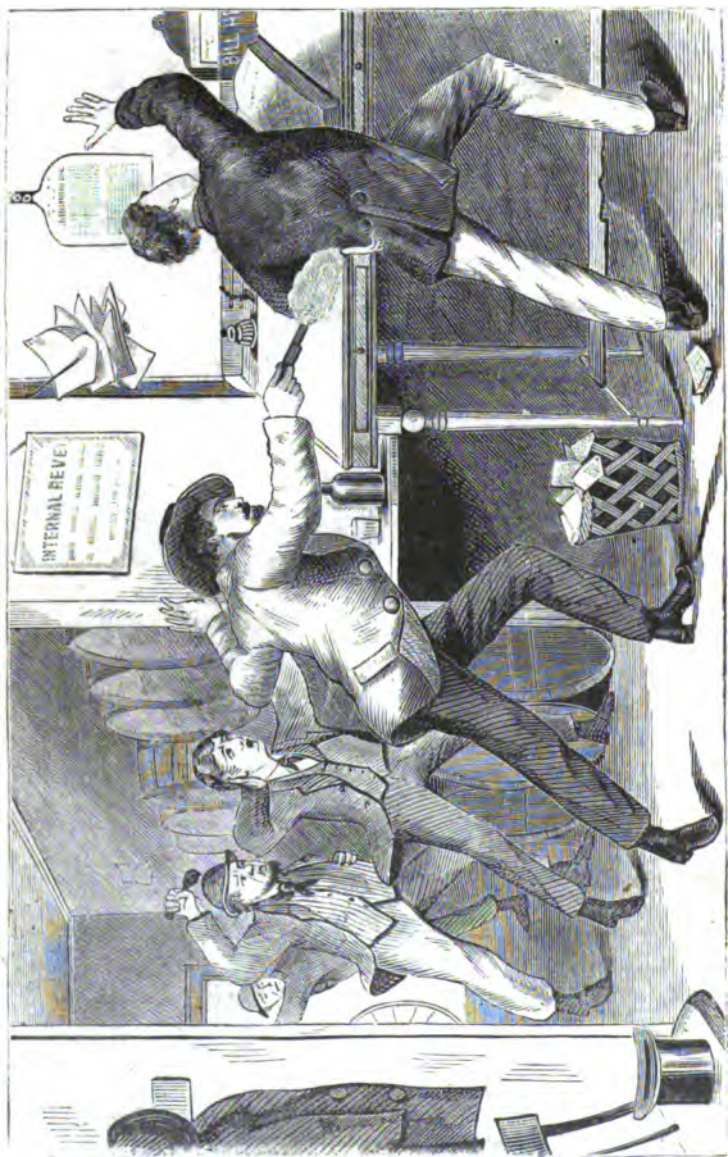
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ATTEMPTED ASSASSINATION OF JAMES J. BROOKS.

SECRETS OF INTERNAL REVENUE.

CHAPTER I.

THE WHISKEY RING.

ON Monday, the sixth day of September, 1869, the citizens of Philadelphia were horrified at the startling announcement that an audacious attempt had been made by hired bravos, in a public store, on a crowded thoroughfare, in the full glare of noon-day, to assassinate a Revenue Detective Officer—James J. Brooks—who by his energy, adroitness, and intrepidity, had been pre-eminently successful in ferreting out and breaking up the illicit distillation of whiskey.

The novelty of the crime of mercenary assassination, which has not yet become naturalized in the United States, the cowardly nature of the attack and the official character of the victim, combined to intensify the public feeling and stimulate energetic effort to detect the culprits. The United States authorities offered a large reward for the arrest and conviction of the miscreants; the Mayor of Philadelphia imitated

their example, and the whole force of Detective Officers employed in the Government and Municipal service entered with keen alacrity on the trail of the desperadoes.

Several persons were apprehended and temporarily incarcerated, but upon a hearing before a magistrate they were either discharged or admitted to bail, the evidence being insufficient to maintain the accusation against them.

On the 3d day of October following the attempted assassination, three men, Neil McLaughlin, who assumed the alias of George Gibson, Hugh Marrow, alias Marra, who gave the name of Henry Stanton, and James Dougherty, who claimed to be James Jones, were arrested in New York city, by officers James W. W. Scott and Robert J. Wilkinson, ostensibly on the charge of robbing the Norwalk bank. Notwithstanding the arrest of Marra and Dougherty had been conducted with scrupulous secrecy their associates speedily learned their unfortunate dilemma, and invoked the service of a prominent Tombs Lawyer, who sued out a writ of habeas corpus before a criminal Judge, who is notorious as the outlaw's friend and the community's enemy.

Before the return of the writ the Governor's requisition for the surrender of the accused to the Philadelphia authorities was received by the New York officers, and upon its production the Judge dismissed the writ and remanded the prisoners to the custody of the officers, by whom they were conveyed to Philadelphia and committed to Moyamensing Prison.

McLaughlin voluntarily consented to return to Philadelphia without waiting for a requisition, and being brought before the Mayor of that city, made a sworn statement to the effect that he was the driver of a carriage belonging to Michael Kirwin; that with his carriage, on Monday, September 6th, he was at Walnut street wharf; while there he was employed by two men, who ordered him to drive to the base-ball ground; he started up Walnut street until he got a little west of Front, with the two men inside, when one of them, he didn't know which, said: "Driver, hold up; turn up Front street;" he stopped, by their order, in Front street, near Arch; they got out; he drove first to one side, then to the other, waiting for his company for several hours. Suddenly the two men came running to the carriage; one of them got in, in a great hurry; the other got his foot inside, and this happened just as a stunning noise occurred; one of them said: "Drive on," and swore at him; it came so suddenly upon him that he did not grasp his reins firmly, but struck his horses with the stump of a whip; just as he started he looked around, and observed a short, stout gentleman hastening towards them, with a pistol pointed, and he started with his horses as fast as he could; the men continually instructed him what courses to turn; he described the direction he took; he turned from Spring Garden street down Seventeenth, and, without any announcement from them to stop, he slackened his pace and discovered they had got out while the carriage was moving. At that time he did not mention the names of the two men. As he finished his first

statement he said he had more particulars yet to give me. In the second statement he said he had been employed by Hugh Mara and James Dougherty on the morning of the 6th of September; had driven them to Front and Arch streets, where they got out; he waited a considerable length of time for them. They had directed him where to place his carriage—sometimes on the east, sometimes on the west side; that they (Mara and Dougherty) shortly after twelve o'clock hastened back to the carriage. That it was Mr. James J. Brooks who had presented the pistol. He knew Hugh Mara and James Dougherty, and they had employed him on a number of occasions previous to that day; generally engaged him at Walnut street wharf. Nearly every time he would be directed to drive around and ultimately come to the neighborhood of Front and Arch or Race; sometimes they would get out, sometimes not. They had regularly paid him his charge, except on the last occasion. He had met and talked with some one in Front street before he was ordered to drive away rapidly, and met him again in Fitzwater street, near Seventh; this was Hughes. While driving out Spring Garden street, one of the men put a hat through the opening and asked him to exchange hats, which he did, though the hat offered was too large. On turning some of the corners the same two men who had got out in Seventeenth street stopped him, and got into the carriage again. The men got out somewhere in Christian street. He again met Hughes at Kirwin's stable, and got to talking about the shooting of Brooks; he told Hughes he had

had a chase that day, and was in that affair, but wanted nothing said about it; that night somebody said they were after him about that affair, and he asked why, for he hadn't done it; he purchased a paper and read the statement in it, and it alarmed him, and he went to New York; he said he went to Coney island, and there met Mara and Dougherty and "Pete Bottles;" he said that while there these men came to the Ocean House; he remained there with them several days and returned to New York; Mara and Dougherty came afterwards to New York, and they were all arrested together; he came voluntarily with the officers to Philadelphia.

On Thursday, October 21st, 1869, Hugh Mara and James Dougherty were arraigned in the Court of Quarter Sessions, charged with committing a felonious assault, with intent to kill, James J. Brooks.

The prisoners were defended by William B. Mann and Lewis C. Cassidy, Esqs., reputed to be the most adroit and able criminal advocates at the Philadelphia Bar.

During the trial, Neil McLaughlin was called as a witness for the Commonwealth, and explicitly contradicted the sworn statement he had previously made to the Mayor, and emphatically denied that he ever knew either of the prisoners in Philadelphia. This testimony clearly proved that he had been tampered with, and induced to commit perjury. As showing the desperate machinations of the "Whiskey Ring" to secure immunity to their cut-throat tools, McLaughlin's suborned evidence is transcribed in full:—

"I remember that Mr. Brooks was shot on Monday, September 6th; I know James Dougherty; [looking at the prisoners;] these are not the men I had in the carriage that day; they were bigger men than these. I got acquainted with these prisoners in New York; the first place where I saw these men was in New York, at Mr. Murray's, about two or three weeks ago. I was introduced to them by a young man named 'Bottles.' I never knew a Hugh Mara or James Dougherty in Philadelphia. I did not see them on the morning of September 6th, on the day Mr. Brooks was shot; I did not see them at Seventh and Christian streets on the same day that Mr. Brooks was shot; I did not see those two men in the dock on the day Mr. Brooks was shot; I never saw them in Philadelphia before; the first time I ever saw them was at Johnny Murray's, in Amity street, below Broadway, in New York; we went out one Sunday afternoon to take a walk, and they were arrested and locked up with me in a station-house, and I was taken away from them. I was in Front street on the day Mr. Brooks was shot; I was in that neighborhood about half-past eleven o'clock; I was in Front street, above Arch, with my carriage; I was engaged about eleven o'clock by two gentlemen, at Walnut street wharf, who told me to drive to Front and Arch streets; I never saw the two men before, but I would know them if I should see them again; that was the first time I had ever seen them. After I had been waiting their half an hour or an hour, they came and got into the carriage, and told me to drive as fast as I could to Fairmount Park; I don't know where

they came from ; a gentleman came running after them ; I drove off as fast as I could ; I couldn't tell what the man's intentions were with the pistol. I drove to Fairmount Park, where the two men got out and paid me. The carriage I drove belonged to Mr. Kirwin, in Fitzwater street, above Seventh. On the Saturday before this Monday I saw these two men that I drove on Monday ; they engaged me at Walnut street wharf, and I drove them in Front street ; I had seen them the Thursday before, and had driven them to the race track ; on Saturday I stopped the carriage at Front and Arch streets ; they got out and went away, and then came back ; I then drove them to Seventh and Walnut, where they got out and paid ; on Saturday afternoon these men got me at Walnut street wharf, and I drove them to Front and Arch, and Front and Race, then to Seventh and Walnut ; I saw the same men on Friday afternoon at Walnut street wharf, and drove them to Point Breeze Park ; stayed there until the races were over, brought them back to Ninth and Race streets, where they got out and paid me ; on Thursday I was doing a funeral ; in the afternoon I drove them along Front street to Callowhill, then to Chestnut, then to Ninth and Race streets ; I saw them on Tuesday before that at Walnut street wharf ; that was the first day I ever saw them ; I drove them in Front street every day from Tuesday until Monday afternoon ; I don't know who they were ; I have never told anybody who they were, for I didn't know ; I now say those two men were not Hugh Mara nor James Dougherty ; I made a statement, and if I did

say they were, I was scared at the way I had been arrested; I never told anybody that the men I drove around were Hugh Mara and James Dougherty; outside of my statement I never said these men were the prisoners; I made a statement to the Mayor, Mr. Tryon and Mr. Franklin; in part of my statement I told the Mayor the men I drove on those six days were Mara and Dougherty, and in another part James Jones and Henry Stratton; I made oath to this statement; I told him that Jones and Stratton were arrested with me in New York; afterwards, when the name was mentioned, I told him that Mara and Dougherty were arrested with me in New York; I knew the prisoners in New York as James Dougherty and Hugh Mara; I did not see them at Coney Island before I went up to New York; I told the Mayor I was at Coney Island; I told him that I had met some persons at Coney Island.

"I will say the first time I ever saw these two men in the dock was in New York the Friday before I was arrested; I don't know what I told the Mayor; I don't know whether I told him they were with me at Coney Island; I might have told him so, but I didn't see them there; I say I never saw these men at Coney Island; I don't know what I told the Mayor, for I was scared; after I came from Fairmount Park I went to the Baltimore Depot, and thence to the stable; I had nobody in my carriage from the Park to the stable; I drove up Christian street to Ninth, up Ninth to Fitzwater, and down Fitzwater to the stable; then I went home, and afterwards to Walnut

street wharf, and then to the Market street wharf; I was walking; I went to Ninth and Chestnut, where I stayed till morning, and then rode home with a young man named Smith. Robert Lyster Smith was in the carriage; it was about two o'clock Tuesday morning when we left Ninth and Christian; we went to Seventh and Shippen, waited for Mr. Smith, and drove him home, and then went home about four o'clock and went to bed; I got up about eight o'clock, and looked at the paper; I saw what was in it, and stayed at home until nine o'clock, and then left home by the 2.25 train for New York; I stayed over night in New York, and then went to Troy, where I stayed two weeks or so; stayed in New York over night, and then went to Coney Island; saw nobody there that I knew; I came back to New York on the Friday before I was arrested; Hugh Mara, James Dougherty and 'Bottles' were with me when I was arrested."

Fortunately for the cause of justice Mayor Fox was admitted as a witness to contradict McLaughlin, which he did by detailing the confession which McLaughlin had made to him under oath. The Commonwealth likewise called as a witness James J. Brooks, the victim of the murderous assault, who testified as follows:—

"In September I was a Revenue Detective under the United States Government, commissioned by C. Delano, Commissioner of Internal Revenue. In September I was acting as such detective in this city. In the early days of September I was acting on Richmond, and also on Front street and Second street;

from South Front, near Shippen street, as far as Callowhill. It was mainly on that part, although my business may have called me to other points. My mornings were principally spent around Front street, and in the afternoon up Richmond way. I passed up and down Walnut street in my visitations. I went through Second street some. The office to which I reported was on Library street, near Fifth. I have been in Mr. Keenan's store a number of times. I was there on the 4th of September, and again on the 6th. On the 6th I got there, I think, just after twelve o'clock."

Mr. Brooks described Keenan's store, and continued: "I entered the counting-room and met the boy Keenan. He handed me the Government book, which I had asked for the Saturday previous. I took the book and placed it on the desk near the glass partition, and began its examination. While thus employed three persons entered the store and came towards the counting-room. Keenan's boy went out of the office and met these men some four or five yards from the partition. About that time I turned to look at the parties who came in. They stood in a triangular position, with young Keenan in the centre. The spokesman had his back to me. I heard them ask was Mr. Keenan in. I paid no further attention to them, and went on transcribing what I wanted from the book. I heard no footsteps behind me or about me; yet, while in the act of writing, I heard an explosion right against me, and my back struck as though with some blunt instrument. I immediately turned and saw a man escaping

from the door in the office; at the same time, in looking towards the street, I saw a man with his hand uplifted with a blackjack; and in the act of throwing the blackjack. What occurred after that until I found myself emerging from the store into the street I cannot say. I remember leaving the store and drawing my pistol, which I carried in my side-pocket. I had great difficulty in drawing it, as the hammer caught in the lining of my pocket. Immediately on getting on the sidewalk I looked north and saw a man struggling to get into the carriage. The carriage was in full motion, and he had great difficulty in getting in. I subsequently chased the carriage as far as Martin's store. I became exhausted there from loss of blood, and was subsequently taken to my home. I only knew that I was wounded by a ball. I knew that I had been shot, and when I commenced to yell 'stop the carriage,' I felt satisfied of the extent of the wound, for the blood began to come pretty freely."

Q. Do you recognize either of the defendants?

Mr. BROOKS—*I recognize that man (Mara) as being one of the men in the store, forming one of the triangle. The other man I did not recognize there. When I got on the sidewalk there was a man struggling to get into a carriage. I kept my eye on that man and did not look to my pocket, and that was the reason I had difficulty in getting my pistol. I believe the man James Dougherty to be the man struggling to get into the carriage. I cannot say I saw Neil McLaughlin. I saw a man on the box with hair like his, but his back was to me.*

Cross-examined.—I made a statement of the occurrence on another occasion. I then stated that I saw the faces; that the only man's face I did not see was the man with his back to me. When I made my statement at my house, Hamilton was present. I said then that the driver was the same build as Hamilton, but that his hair was shorter. You can't tell a man's height when sitting on a carriage. I gave a description of these men. I did not describe these men as large men. The highest I gave these men was five feet seven or eight inches. I did not describe them as stout men. I cannot say whether my description was taken down. I have said that I don't know what occurred from the time I was struck until I got on the sidewalk, but I remember what occurred before that blackjack was uplifted, and also what occurred after I got to the sidewalk. The man's face was distinctly impressed upon me. I first saw Dougherty in Court since that day. I made up my mind that these men were the men when I saw them in the dock.

Q. Have you not been told that these were the men?

Ruled out.

Q. Have you been told anything about these being the men?

A. When I came into Court I looked at the dock—

Mr. MANN—one moment. That is not an answer to my question.

Mr. BROOKS—I was told their names after—

Mr. MANN—one moment. You can't drown me

here! If this case is to be decided by noise I can beat you, for my lungs have not been shot.

Judge LUDLOW—That will not do, sir!

The witness was allowed to answer: I was told that these men were Hugh Mara and James Dougherty, but I did not know one from the other. There were three men proclaimed outlaws, and the officers arrested them, but they could not tell whether they assaulted me. I could not tell myself.

Mr. MANN—I thought so! That will do.

Mr. DWIGHT—You know that Hugh Mara was the man in that store?

Mr. BROOKS—Yes, sir; and that James Dougherty was struggling to get into the carriage.

To Judge LUDLOW—I identified these prisoners when they were arraigned here.

During the trial an important witness for the Commonwealth, policeman Kelly, mysteriously disappeared, and no tidings of him could be learned, although the most diligent search was instituted to find him. For his official dereliction and evasion of duty both as an officer and citizen, Mayor Fox promptly expelled Kelly from the police force.

For the defence it was contended that Thomas Hughes, one of the principal witnesses for the prosecution, was a worthless vagabond, totally unworthy of credence; that Mr. Brooks was mistaken as to the identity of his assailants, and that the accused were present at Devitt's tavern, No. 752 South Eighth street, at the time of the assault.

To establish an alibi, three aldermen, William McMullin, Frank Devitt and Collins, were produced

as witnesses, who testified that they took a drink at Devitt's tavern about half past twelve o'clock, on the day the assault was committed, and saw the prisoners there. Seven other witnesses, all members of the Moyamensing Hose Company, to which the prisoners belonged, testified to the same effect.

After the summing up by counsel and the Judge's charge, the jury retired to deliberate on their verdict at ten minutes before twelve o'clock on Saturday night, and in half an hour returned into Court with a verdict of guilty on the count charging the defendants with assault and battery with intent to kill.

On Saturday, November 20th, 1869, the ambulance of the Good Will Steam-Engine Company, filled with police officers, escorted the prison van, in which were placed Mara and Dougherty, from Moyamensing jail to the Court of Quarter Sessions. A strong posse of policemen guarded the Court House and the avenues leading to it; a strong force was distributed throughout the court room, and two files stood behind each of the docks. These extraordinary precautions were taken because it had been publicly rumored that an organized attempt would be made to rescue the prisoners after receiving sentence. Moreover the recent escape of a noted criminal from the prison van, in which he had been conveyed to the same Court to receive sentence, admonished the authorities of the desperate efforts that would be made to wrest these outlaws from the clutches of the law, and being forewarned they adopted the most efficient measures to guard against a forcible release of the felons.

After delivering an elaborate decision, overruling

the motion for a new trial, which had been made and argued by the prisoners' counsel, Judge Ludlow proceeded to pass sentence on the convicts, and addressed them as follows:—

“You ought to be very thankful that you do not now stand in this tribunal to hear the dreadful judgment of the law which would consign each of you to the grave.

“A merciful Providence permits your intended victim yet to live, although he carries in his body the ball discharged from the pistol on the 6th of September last.

“Although not convicted of murder of the first degree, yet you, and each of you, committed the offence of assault and battery with intent to kill and murder—a crime of the most serious nature, and one which, under circumstances such as surround you, ought to be punished with imprisonment for life. It has been my lot to pass judgment upon felons of every grade, but never before have supposed hired assassins stood before me in this Court.

“It is well that this crime is of rare occurrence, for it ought to be distinctly understood now and here, that the law can and will overtake and punish any man who dares to perpetrate such an offence. You may have supposed that an escape was possible, or that money could open your prison doors and shield you from punishment. But you will now learn, and let others be warned by your fate, that in no way can justice here be thus perverted or destroyed.

“Had you placed a great ocean between this city and your abode, God's lightning would have flashed

through three thousand miles of water, and you would have stood trembling fugitives before the magistrate. The events of this trial have proved that there are officers of justice, and witnesses, whose sense of duty rises superior to their love of gain, and who would have scorned to touch the price of your liberty had it been offered to them.

"One other lesson this trial teaches: it is this—that an assassin cannot live in Pennsylvania outside of the Penitentiary.

"I feel for you sincere pity. It seems almost impossible to believe that men as young as you are could commit such a crime; and while my duty is as plain as it is both imperative and painful, yet I can in all sincerity say that I hope you will, during the years of your imprisonment, consider the grave errors of your past lives, and endeavor to return to society reformed, not only in name, but in fact, and then in some measure atone for this great crime, by lives of industry and usefulness.

"It remains for me to pronounce the sentence, which, under the circumstances of the case, must be fixed at the maximum limit directed by the penal code."

The prisoners were then sentenced, in the usual form, to pay a fine of one thousand dollars, and to undergo an imprisonment in the Eastern Penitentiary for the period of six years, eleven months, and twenty-three days.

The sentence was made to conform to the seventy-fourth section of the Criminal Procedure Act, the proviso of which is as follows:

"That no convict shall be sentenced by any Court

of this Commonwealth, to either of the penitentiaries thereof, for any term which shall expire between the 15th of November and the 15th of February of any year."

Gen. Mulholland, Chief of Police, and High Constable John Curley, now took charge of the police detail, and the prisoners were taken down to the yard, placed in the van, and the Good Will ambulance, being loaded up with policemen, followed close after the van escorting it to the Penitentiary.

As the van was leaving the yard a noted character cried out to Mara and Dougherty, "We will be out there before you are out."

Another individual tried very hard to have a bottle of whiskey passed to the prisoners, but failed.

On reaching the Penitentiary a file of policemen were drawn up and ready to receive the guests. On alighting from the van, Mara, who seemed to be flush of money, pulled out a five dollar bill and offered it for a gill of whiskey. This must have been the first realization he had that the blood-money was of no avail even for the procurement of whiskey. Subsequently, Mara said, "—— their souls, they did not keep their promise."

After a description of their persons had been recorded, a bag was drawn over the head and face of each prisoner and they were conducted to their solitary cells, where in gloom, desolation and servitude, they are doomed to expiate the terrible transgression which they committed through the sordid influence of an accursed bribe.

This case vividly discloses the desperate character of

the conspirators who are banded together to defraud the revenue; their audacity in purchasing the assassination of faithful officers who dare to thwart their schemes; their prodigal expenditure of money to accomplish their nefarious purposes; their successful efforts to suborn certain witnesses and spirit away others; their defiance of law and their corruption of public officers.

Every citizen is interested in knowing who constitute this lawless gang and in bringing them to punishment, and no greater service can be rendered the community than by exposing the artifices, machinations, malpractices and chicanery of these outlaws and their confederates, whether they reside in the luxurious habitations of Fifth avenue or Walnut street, or burrow in the slums of the Five Points or Bedford street; whether they figure as Internal Revenue Collectors, Assessors, or other officials, or whether they wear the semblance of honest merchants or run illicit stills in the subterranean nooks of crumbling shanties.

Shortly after the attempted assassination of Detective Brooks, on the 14th day of October, 1869, an attempt was made by four Irish ruffians to massacre Patrick Marley, a United States watchman, who had been directed by his superior officer, the Collector of the District, to watch several barrels of whiskey which had been illegally removed from the distillery to the neighborhood of Forty-first and Market streets, in the City of Philadelphia. Marley's graphic description of the Thugs who assailed him, and of the circumstances that induced the attack upon him, is quoted in full:—

“On the 14th of October last I visited the neighbor-

hood of Forty-first and Market streets in pursuance of the following order, which I received from Collector Sickles: 'You will at once proceed to the neighborhood of Forty-first and Market streets, and keep a strict watch on several barrels of whiskey, said to have been removed from the distillery of Owen McCartney, in Sloan street, above Market, between Thirty-ninth and Fortieth streets, and also observe the movements of the parties having the above whiskey in charge.' After receiving the above I immediately went to the place where I imagined the whiskey was; I passed by where I supposed it to be, and went to the corner of Forty-first and Market streets, where I stood for a few minutes. Presently I saw Owen McCartney, Patrick Rafferty, Patrick Keenan and John Keenan approaching; I knew they were the parties I was to watch. I crossed to the opposite side of the street, where I stood for a few moments scrutinizing their movements. John Keenan came over to where I was standing in front of a grocery store, when I saluted him in a friendly way, with 'How do you do?' He made some unintelligible reply, coupled with this question, 'What are you doing out here?' I answered, 'I came out to see how you are getting along.' He then in a threatening manner exclaimed, 'You son of a b—; I know what you are after!' I commenced backing into the store, when he said, 'We've got you now, and we'll put an end to you;' so saying, he picked a ten pound weight, with a ring attached, from off the counter, and attempted to hit me with it; I kept him off, however, and soon saw the other three coming to-

wards the door. I still kept backing from my assailants, and by the time I got to the end of the counter, Patrick Rafferty entered; he also picked up a weight which he hurled at me; it struck me on the right hip. When he fired it he was within three yards of me. Whilst this was going on, Owen McCartney entered, and seizing a large cheese knife which lay on the counter, he shouted, 'Let's kill the son of a b—.' I now saw that my only hope was to get outside. I ran down the inside of the counter, when McCartney made a dash at me with the knife, but missed his aim; I got over the counter and out of the door; when on the step I was seized by the left shoulder by Keenan. Patrick Rafferty had a weight in his hand, with which he beat me while Keenan held me. I saw McCartney coming for me with the knife, when I struggled and broke away; as I turned McCartney struck the knife in my back; my turning alone prevented it entering my side.

"I ran into the middle of the street, when Pat Keenan ran before me with a club, striking me on the legs; I staggered and fell on my knees. Regaining my feet I made another attempt at escape. Turning round I saw McCartney leading the pursuit with the knife in his hand; I was then running on an angle for the corner of Fortieth street. Suddenly I felt something like a paving stone hit me between the shoulders, and I fell in front of the market-house. I felt the crowd kicking me, although partially insensible, and instinctively I covered my head with my arms. After they had ceased kicking me I regained some

little strength, and rising, I saw a crowd trying to keep my assailants away from me. Around the spot where I had lain were scattered a number of brickbats and cobble stones, as well as a considerable amount of blood; the blood was flowing from the wound in my back and running down my legs. With some little help I made my way to a drug store, where my wounds were dressed. In the meantime Deputy Collector Mackey had arrived, and with him I visited the office of the United States District Attorney, where we met Mr. Valentine, his assistant; Mr. V. directed us to see Mayor Fox, as he had charge of the Brooks case, and it was best that this too should be placed before him. I made a statement of the facts to Mayor Fox, upon which he issued warrants for the arrest of the parties concerned in the attack. He then directed Captain Mackey to procure a carriage and take me to Dr. Levis or some other good physician. By this time I began to grow faint from the loss of blood. Dr. Levis examined my wounds and ordered that I should be immediately taken home and kept perfectly quiet. Upon being questioned as to the nature of the wounds he could not state what the result would be. I am still under medical treatment. My assailants were arrested, and two different days were set apart for the hearing of the case, but owing to my injuries I could not appear. On the third day the party plead as an excuse the absence of their counsel, and on the fourth day they forfeited their bail by their non-appearing.

“Did you ever meet any of the parties before the day of the assault?”

"Yes, sir. The distillery was seized by direction of Collector Cummings last March, and I then was placed in charge of it."

"When you visited the neighborhood on the day of the assault, had you any reason to expect any foul play?"

"When I first arrived at the place I accosted a revenue officer, named Miller, a night storekeeper of the distillery, who said there was liquor in the yard back of where I saw the parties standing. I remarked, 'I would like to go back and look at it,' when he replied, 'You had better not.' 'Why?' said I. He answered: 'There's McCartney sitting at the gate; *I don't think he will let you go back there.*' Taking the hint to mean fight, I passed on as I have stated."

"Did you then fear an attack?"

"No; I knew the parties so long that I did not think they would hurt me."

"Do you differ in politics?"

"Yes, sir; I am a Republican, they are Democrats."

"Have you conversed with any of them since?"

"No, sir; although I have passed them in the street several times."

"Were the facts of the case transmitted to Washington?"

"Yes, sir; Messrs. Valentine, Smith, Tutton and Mackey wrote to the Department, and I was assigned by the Assistant Assessor to the Second District."

"What was the cause of the late charge against you before Commissioner Biddle?"

"It was done, I suppose, to counteract my charge

against the parties I have named. On Saturday, the 23d ult., I was passing along Twenty-first street, near Locust. I had previously understood there was a man in that neighborhood carrying on the rectifying business without a license. His name is Kennedy. I entered his place, and met him coming out of the cellar. I told him I understood he was rectifying in the cellar. He answered that he was doing something, but did not know whether it was rectifying or not. I told him I would like to examine the cellar. I went down with him, and saw that he had a tub and whiskey running from it as if it looked to be rectifying. He said he was ignorant of the law in the matter. I told him he ought to have a license to start with. He then said he would tear out the tub and discontinue the business. I told him I had no authority in reference to that. I then asked him if he knew any one in the wholesale business who could instruct him as to the law for his carrying on the business, if he wished to continue it. He mentioned a Mr. McGlinn, on Market street; a Mr. Whalley, on Market street; and Mr. James Berry, on Frankford street. I told him he might see Mr. Whalley, as he could instruct him as to how much he would have to pay for the balance of the time. This was in the morning. In the evening of the same day I called at Whalley's, and met Mr. K. there. He said he was going to discontinue. I told him I would be out on Monday to examine, and that I would not report till then. I visited his place on Monday, and found that the tub had been taken away. I did not think there was any case in it, but went to

see Collector Leeds next day; he was not in. I called the next day, at one o'clock, but did not find him in his office. The next thing I knew Mr. Kennedy had made a charge against me, saying that he had given Mr. Whalley money to give to me to settle the case, and on this I was bound over to answer at the next term of the United States Court."

"Have any propositions for settlement been made?"

"Yes, sir; I understand that if I do not prosecute my assailants, Kennedy will not prosecute me."

"What do you intend doing?"

"I intend to prosecute them to the full extent of the law, and then prove that the charge against me is false."

"Do you suppose they will follow up their attack on you?"

"I don't know; they are a rough set."

"Who is this Owen McCartney?"

"He is a fighting politician of the Seventh Ward, and associates with a party around Twenty-third and Pine streets."

"Had he an interest in the distillery?"

"No, sir; he didn't own a dollar in it, but he follows the business of lending himself as a tool for other parties."

"Do you believe they were actually evading the law?"

"Most undoubtedly."

"Is there much of this business done here now?"

"Yes, there is a good deal of it."

"What kind of whiskey were they making?"

"I think it was molasses whiskey."

"How did they get rid of it?"

"The place where the whiskey was stored is a little hole on Market street, supposed to be a wholesale compounding place, under the name of Pat. Keenan. They take it from the distillery at night, and run it in there, in order to defraud the Government."

"How so?"

"Because the whiskey should be stamped and the tax paid on it before it leaves the distillery."

"Do you know the parties that became bail for them?"

"I know Conway to be a professional bail-goer; by that I mean he goes bail for pay."

"Are the other two worth anything?"

"I don't know."

"How was the case under Collector Cummings settled?"

"I don't know. The place was seized for a back assessment, and not having the 'Tice meter.' It was under a temporary seizure when the attack was made on me."

"Do you think the internal revenue law is being rigidly enforced here?"

"No, sir."

"What was the quality of the whiskey they manufactured?"

"Well, it is principally used for making cordials, blackberry, cherry, lavender, and other brandies, and it is better for that purpose than grain whiskey."

"What was the capacity of the distillery?"

"Ten barrels, or five hundred gallons per day."

"For how much were they assessed?"

"They were rated for four barrels a day."

"Then they could defraud the Government of three hundred gallons a day?"

"Yes, if they ran to their full capacity."

"Did you ever see liquor illegally removed from there?"

"Yes, I saw them at it on the day of the assault."

"What sort of a place is it?"

"Well, it was meant for a grain distillery; is well fitted up, and has two boilers and an engine in it."

"Did you have reason to believe they knew the object of your visit?"

"Yes, sir."

"You think they meant to kill you?"

"I believe it."

"What is McCartney's business?"

"I don't know positively. When I had charge of the distillery the returns were made in his name, although during the whole two months I never saw him there, but on the contrary he was driving one of the Spruce and Pine streets cars."

"You say he is somewhat of a politician?"

"Yes, a fighting one. He fought for Buck McCandless for State Senator, and McCandless is now his counsel."

"Has anything further been done in the case?"

"Yes. On Saturday afternoon last the accused were hunted up by their bail, and brought before the magistrate on a final hearing. They induced him to

believe that they had made a mistake in the date fixed for the final examination."

"What did he do?"

"The alderman at first refused to accept the bail which he had before taken, and which had been declared forfeited; but after parleying a while, changed his notion, at least so far as Mr. McCartney was concerned."

"Well, what else was done?"

"The four were bound over to answer at Court."

Detectives, watchmen and government officials were not the sole objects of wrath with the Whiskey Ring, but every fearless and independent journalist, who dared to denounce their murderous conduct, and expose their machinations to defraud the Revenue or defy the laws, incurred the implacable hate of these guerrillas, and were liable to be clandestinely assailed by their sanguinary retainers.

On the night of Friday, the 29th day of October, 1869, Mr. William H. Fisher, a reporter of the *Philadelphia Public Ledger*, and one of the editors of the *Sunday Transcript*, was brutally assaulted, and severely maltreated by a gang of ruffians, while he was returning to his home at midnight, on a Seventh street car. Mr. Fisher's offence consisted in his outspoken condemnation of the attempted assassination of Mr. Brooks, and his exposure of the dastardly creatures who were the hired instruments of the Whiskey Ring, ready to do their bidding, whether required to illicitly distil molasses whiskey, or stab, shoot or drown efficient officers or intrepid editors.

As showing the indignation of the press and public, provoked by the cowardly attack on Mr. Fisher, we copy the leading editorial which appeared in the *Sunday Transcript*, in the issue succeeding the assault:—

“ONE THOUSAND DOLLARS.

“Mr. William H. Fisher, one of the editors of the *Sunday Transcript*, was brutally assaulted on a Seventh street car, while going home on Friday night. The assault was committed at midnight, at or near ‘Sweeney’s lot.’ The assault was without notice or provocation, and was made by a person wearing the garb of the Moyamensing Hose Company. It had its origin, however, in the murderous attack made on Revenue Officer Brooks, and the probable and to-be-hoped-for fate of Dougherty and Mara—the convicts in that case.

“Now, that justice may be done, that assault and assassination may not override law and decency and public safety, and that good citizens may proceed to their homes without fear or danger of molestation, I do hereby offer

“A REWARD OF ONE THOUSAND DOLLARS

for the detection and arrest of the mean and cowardly assailant of Mr. Fisher, and an equal sum for the detection and arrest of all concerned in making the assault.

“E. W. C. GREENE,

“Editor and Proprietor of the *Sunday Transcript*.



RUFFIANLY ATTACK ON AN EDITOR.

"We have long since come to the conclusion that the rule of ruffianism should stop. We have long since come to the conclusion that, if decent people are to live in Philadelphia, a new order of things must be inaugurated. We have long since come to the conclusion that there is no safety for life, and that there is certainly no safety for property, unless a check is put upon the vile and wicked men who crowd our highways, swarm in our hotels, and pollute our places of amusement. This thing must end, and those who are arraying themselves against law, order, and justice, must be made to understand, however juries may be constituted, and the business of the Quarter Sessions managed, peaceable and law-abiding citizens must be protected in their rights under all circumstances. It will not do for any gang of scoundrels to seek to invade the province of peaceable people. It will not do for scoundrels to threaten arson and murder when their criminality is exposed. It will not do for a gang composed of a few mean, unmanly, degenerate and bestial whelps to attempt to control a city composed of nearly one million people. There is a point beyond which even ruffianism cannot go. There is a point towards which good men can come and do their work in a fitting way. And we desire now to say that that point is nearly, if not quite, reached already. When gentlemen dare not ride in passenger cars, peacefully at night, or in the day, when scoundrels can put life in peril at the dictation of a cowardly gang, when miscreants can offer boldly in the broad day a premium for arson, and when villains can threaten life and

property with destruction, it is time for the people to consider whether they have any protection under the law, or whether they must protect themselves. For our part we fear not the gang or any of their surroundings, whether they be corrupt lawyers, suborned perjurers or paid assassins. We deem it the highest duty of all Philadelphians to rid this community of the ungodly gang of cut-throats, gamblers, thieves, and scoundrels of every type that infest it now, and of all who are their defenders, protectors or patrons. To this end we offer the above reward, which we will pay, without reservation, on the recognition of the miserable whelp who, on Friday last, assaulted Mr. Fisher. And we call on all good citizens to aid us in this, our laudable undertaking, to put away a detestable coward."

From the earliest settlement of this country, Alcoholic liquors have been the prolific source of strife, homicides, frauds, misery and want. Even among the aboriginals, Fire-Water has done greater harm than plague, pestilence and famine; and its maddening influence has driven the Indians to the commission of atrocities and deeds of blood that have gained for themselves the character of savages, and instigated wars of extermination against them.

In the French wars the Indians of northern New York and Canada were incited by their French patrons to deeds of massacre, rapine, and barbarity by the potent and hellish fury inspired by unstinted supplies of rum.

The collection of Revenue from the distillation of Al-

coholic spirits, has always been attended with danger, discord, duplicity and robbery.

In Washington's administration in 1795, the distillers of Western Pennsylvania obdurately resisted the payment of the tax levied on whiskey, and opposition to the law assumed an organized form and attained such proportions that the government was compelled to interfere and suppress the rebellion by force of arms.

To recuperate the drain upon the national finances resulting from the civil war, Congress established a system of internal revenue, to liquidate the principal and interest of the national debt, and defray the increased expense of carrying on the government.

Whiskey, being classed as an article of luxury, was heavily taxed, and it was estimated that its enormous consumption would contribute immense sums to the public exchequer. With ingenuity worthy of a better cause, with determination which on the field of battle would have made the actors heroes, with a liberality and profuseness of expenditure which in the cause of charity would have stamped the donors as benefactors of the human race, and noble philanthopists, the parties engaged in the distillation and traffic of whiskey banded together to defraud the government by evading payment of the tax, and resorted to force, blandishments, menaces, bribery, strategem and murder, to accomplish their purposes.

CHAPTER II.

THE WHISKEY RING IN CONGRESS.

OUR national Solons are not all proof against the seductive influence of whiskey, and the Whiskey Ring seeks and finds its most powerful coadjutors and protectors in the halls of legislation.

At the First Session of the Forty-second Congress the tax on whiskey was reduced from two dollars to fifty cents per gallon, and the secret history of this legislation proves that it emanated from the whiskey men themselves, and that members of Congress were pecuniarily interested in the movement.

In February, 1869, a committee of whiskey dealers appeared before the Committee on Ways and Means, urging an extension of time for removing whiskey in bond, which by the law then in existence, was to be removed on or before April 20th. Just prior to this, a statement had gone forth to the country that the receipts of internal revenue under the reduced tax of fifty cents per gallon exceeded those of a corresponding period when the tax was two dollars per gallon. That statement, without an explanation, was calculated to mislead. The receipts for the period indicated were not for whiskey manufactured during that space of time, *but was for the tax on whiskey accumulated during several years in bond*, having been

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placed there by many who, under the old law, had been engaged in evading and refusing to pay the tax. The amount of receipts for the short time during which the fifty cents tax had been in operation, instead of showing a favorable condition of things for the Government, showed the reverse, as it should have received many millions of dollars more.

The reduction of the tax on whiskey in bond was a part of the scheme of a special Whiskey Ring, composed of members of Congress and men high in authority in the Treasury Department. The operations of the Ring were on the grandest scale known in history. During all the early period of the last session of Congress it was given out by members who, from their position, were supposed to be authorized to speak for that body, that there would be no reduction of the tax, and the Committee of Ways and Means had reported that there should be no reduction.

During all this time the grand managers of the scheme, knowing what was to come, purchased nearly all the whiskey in bond, amounting to fifteen millions of gallons, paying for it prices ranging from ten to twenty cents per gallon. When these purchases were completed it was announced in the House of Representatives that the tax was to be reduced, not only on what was to be made in future, but on what was in bond, which the government already held for tax. The price of bonded whiskey at once advanced to as high a figure as seventy-five cents; thus netting to the Ring—the purchasers of bonded whiskey—about eleven

millions of dollars, which were divided among the smart manipulators of the scheme.

If this whiskey had paid two dollars tax, as it should have done, it would have produced for the Treasury thirty millions of dollars instead of seven or eight millions, which was claimed by the schemers to be such a large advantage to the government.

The distillers sent to the bonded warehouse a certain amount of whiskey, upon which, before it could be again removed, the tax of two dollars must be paid. It was impossible for them to again take it all out, as the market was flooded with whiskey, which was selling at one dollar and twenty-five cents. Of course, some must be removed, just for appearance sake.

For every gallon which went into bond there was another, and even more than that, which was taken from the distillery to some rectifying establishment, where it was run through the charcoal and into barrels which bore the brand of some inspector in the far West.

When so much whiskey was on the street at one dollar and twenty-five cents per gallon, no man would be foolish enough to pay a tax of two dollars to the Government. He, as a matter of course, could make no profit, and unless he joined in and bought this free whiskey he might as well close his place of business. He certainly could not afford to pay two dollars. Consequently, every honest man in the trade was made a party to fraud. Whiskey is the same as gold; it has the same price. By degrees, and by proof, it is weighed with the same accuracy as gold, and con-

sequently every legitimist in the business was compelled to do the same as any man in any other business—to purchase at the lowest price. As the free whiskey was nearly sufficient to supply the demand, and as it was compulsory on the distiller to still add to that which was in bond, the accumulation of the latter became tremendous. It continued becoming greater and greater, until it was not actually worth to the manufacturer more than a few cents per gallon. While this immense mass was on hand, it was then conceived by some members of the Committee of Ways and Means and some government officials, that a great amount of money might be made by purchasing all the whiskey in bond at a low figure, and then not only reducing the tax on whiskey manufactured subsequent to the date upon which the new tax rate would go into effect, but also upon that which was in bond at that time. This must be done very quietly, and so it was. The whiskey in bond was purchased at from ten to twenty cents per gallon, the buyer assuming, in addition, the payment of the two dollar tax. All the whiskey in bond, about fifteen million gallons, held in bond in New York, Philadelphia, Chicago and Peoria, was bought up. Then the schemers, who had been so successful thus far, procured the passage of the act reducing the tax to fifty cents per gallon. And in doing that they also took care to incorporate such provisions that the distillers would be compelled to lay idle for several months. Many of the distillers have not yet resumed operations. It is very obvious that as the Ring had purchased this whiskey, they intended to make plenty of money. No

distilleries being at work, the supply on hand must become exhausted, and then this whiskey would come in play. These bold operators could ask any price, and as it is a profitable business to the retailer, he will pay almost any figure for it. A little computation will show what this Ring realized on this speculation. They paid ten cents a gallon in the first place. The tax of fifty cents makes its total cost sixty cents per gallon. There were fifteen million gallons on hand. Sixty times that would make it cost nine million dollars. These men obtained one dollar and thirty-five cents per gallon; the gross receipts would be twenty million two hundred and fifty thousand dollars, or a net profit to the speculators of eleven million two hundred and fifty thousand dollars—a nice little plum to be divided among a dozen men. Now then, let us see what the Government lost by this little bargain. At two dollars per gallon, which the fifteen million gallons should have paid, the Government would have been in receipt of thirty million dollars. As it was, it lost something over twenty-two million dollars. The fifty cent tax had the hearty cooperation of the Secretary of the Treasury, the Commissioner of Internal Revenue, the chairman, and a majority of the Committee of Ways and Means, and some members of Congress. The people of the country are mistaken in calling the whiskey distiller and dealer “the Whiskey Ring.” The Whiskey Ring is that crowd who band themselves together and fix the price of whiskey. It was the crowd who robbed the Government of over twenty-two million dollars, and

placed in their own pockets the sum of over eleven million dollars. These were the men who were looking after the big hauls, while they kept the public mind in a constant state of agitation over the accounts which they caused to be spread broadcast over the country of raids on small illicit distilleries.

CHAPTER III.

OFFICIAL FAVORITISM.

THROUGH the manipulation of interested parties Congress was induced to order the use of an instrument called the Tice Metre in every distillery, on the ostensible ground that through its agency the Government would be enabled to collect the entire tax on all whiskey that might be manufactured, and that the services of storekeepers would be dispensed with, and thus effect a large saving in expense. The Tice Metre costs the distiller from two thousand to five thousand dollars, and since it has been in use there has been no diminution in the number of storekeepers employed.

The Commissioner of Internal Revenue having discretionary power to adopt such rules and regulations as he might deem expedient, refused to grant a license to any distillery in the city of Philadelphia until it should be provided with one of these instruments, and as a consequence many of the distilleries remained idle for

a long time, for the reason that the right to manufacture the Tice Metre was possessed by a single party, whose facilities were so limited as to permit him to produce but one instrument a week.

While the distilleries in Philadelphia were thus closed those in other places were in full operation. Subsequently, however, it was ordered that the distilleries in New York and the Eastern cities should adopt the Tice Metre, but no attention was given to the distilleries in the Western States, which run day and night and inundated the Eastern markets with a superabundant supply of spirits.

After the Tice Metre was adopted the authorities discovered that the distillers were enabled to cheat, despite of it, and consequently continued to employ a corps of storekeepers which it was claimed would be unnecessary if that instrument were employed. Seizures of distilleries in the Eastern States are of frequent occurrence, but the Western establishments are rarely molested, for the reason that Western influence is potential in the conduct of the Internal Revenue Department. Millions of gallons of whiskey are manufactured in the West more than in the East, and the evident design of the Whiskey Ring aims at the entire suppression of whiskey manufacture in the East and the establishment of a complete monopoly in the West. Many Western distilleries are severally capable of producing twenty thousand gallons of whiskey per diem, while the largest ones at the East cannot manufacture more than one-tenth that quantity in the same time.

Whiskey production at the West centres around

Chicago, Peoria and Central Ohio, and in none of these localities has the Tice Metre been introduced. The Western manufacturers could not make whiskey, pay the tax on it and sell it at the price they receive for it in the Eastern markets, and the conclusion is irresistible that its manufacture is illicitly conducted and the Government defrauded of the tax.

The profit derived by the Whiskey Ring from the adoption of the Tice Metre is immense. Estimating the cost of each metre at twenty-five hundred dollars, the aggregate sum realized from the two thousand distilleries in the country would reach five millions of dollars. The cost to manufacture these metres does not exceed five hundred dollars each, and the right to make them is vested exclusively in one concern.

The stupendous profits of this job furnish a handsome dividend, to be distributed among the managers of the Ring, Congressional, Departmental, and Lobby.

Akin to the Tice Metre job is the adoption of a new patented Lock, which by a recent official order is required to be used by all distillers, on every place to be kept under key.

The locks in use must be discarded, and application must be made to the several collectors for the new contrivance, and an extravagant price is exacted for it. The new lock has no greater merit than the old one, nor does it subserve any new or better purpose; but it is controlled by influential friends of powerful officials, and the profit of one hundred thousand dollars that will accrue from the nice little arrangement will purchase votes, and perhaps a senatorial chair,

and furnish luxurious functionaries with welcome greenbacks and substantial comfort.

The Black-Mailing system is reduced to a system by the Whiskey Ring, and is made the instrument for extorting money and driving honest manufacturers out of business.

In the conduct of the Internal Revenue service the rights of the citizen are wholly disregarded; his premises are liable to be searched, and even seized, without process of law; his private affairs are impertinently pried into by unfaithful officers, who seek to entrap and destroy the innocent in order to build up and benefit the law breakers, in whose ill-gotten profits they participate. Unscrupulous and crafty wretches procure commissions as Detective Officers for the sole purpose of levying black-mail, which they find to be a lucrative avocation. These parties are recommended for appointment by Congressmen whom they have served, and for whom they have procured nomination and election by packed conventions and ballot-box stuffing. These vampires search out the innocent and unwary, and producing their documents, impressed with the national seal, usurp powers and exact privileges to which they have no claim, and swelling with official authority they ruthlessly demand their victim's money or his life, and the unfortunate dupe, knowing no way of escape from their clutches, tremblingly accedes to their imperious demands and exactions.

A trivial error in interpreting the law is a sufficient pretext for the most harrassing persecutions, and upon a mere technicality these birds of prey pounce down

on their coveted game. By such artifice and abuse of power, hundreds of thousands of dollars have been wrung from business men, who, dreading to be publicly accused of frauds of which they are innocent, and sensitively shrinking from any attack on their fair fame, submit to the phlebotomizing assaults of these leeches. Occasionally these freebooters encounter a man of nerve and moral courage, who defies their menaces and resists their demands, when they cowardly slink away and hunt for more timorous victims. So great, however, is their knowledge of men, and so correct their estimate of the character of their selected victims, that these official guerrillas seldom make a blunder, or fail to transfer to their own exchequer the bank deposits of the innocent tradesmen.

For the ostensible purpose of securing the full collection of the Revenue, a series of onerous and confused regulations has been established pertaining to the liquor business, which tends solely to hamper trade and give employment to a battalion of spies and tax-gatherers, who dress in purple and fine linen and fare sumptuously every day. The infraction of a single one of these regulations, which an astute lawyer would be puzzled to interpret, is followed by the speedy appearance of the lynx-eyed, keen-scented guardian of the Revenue, who must be appeased with largesses of hush-money, otherwise he seizes the property of the victim, hurries him before a United States Commissioner, subjects him to a hearing on a criminal charge, and taints or blasts his reputation by publishing an exaggerated and highly-colored account of

the affair in the public journals, and at the same time, inserts a puff, eulogizing his own skill, sagacity, shrewdness, devotion and incorruptibility in ferreting out frauds on the public treasury and bringing the guilty to justice.

Honest men have thus been driven from their legitimate business from sheer inability to comply with the absurd and chaotic regulations established by the Revenue Bureau, and the business thus abandoned has been monopolized by sharpers, tricksters, and official parasites, who share their spoils with the myrmidons of the law.

Besides the regulations which require distillers to use the Tice Metre and the Patent Lock, they are compelled to pay governmental spies, called storekeepers ; they have been forced to forego the use of those convenient receptacles, termed "Stand-Casks," which have heretofore been universally used and are expensive, and which now become dead stock. The use of five gallon demijohns for conveying whiskey, is prohibited, and a person who desires to purchase five gallons of whiskey for his private use, is required to have an awkward wooden keg, with the requisite stamp affixed, rolled into his dwelling, otherwise he must pay for two demijohns, of three and two gallons capacity.

If a customer desires an intermediate grade of whiskey, which is made either by the addition of water to reduce the proof, or of rectified spirits to raise the proof, the dealer must notify some Revenue officer, obtain permission to proceed, compound the mixture,

report the result, submit his product to examination, and notify another Revenue officer, who regauges and stamps the package before it can be delivered. For every change the package must be restamped, and a book must be kept to record every gallon purchased or sold, and be open at all times to inspection. There is no privacy in the counting-room; a commissioned officer stalks in without notice, demands an examination of the books, and decides the character of every transaction of his own motion, and with despotic power. Such a system of espionage is unrepblican, and odious to the feelings of the citizen whose premises are invaded and whose property is at the mercy of avaricious hirelings. Fault is not found with the amount of the tax, but with the oppressive and troublesome manner in which it is collected. Dealers are required to make monthly returns, quarterly returns, and yearly returns; stamps must be affixed at every turn, and to every package; record books must be kept, and spies must be subsidized and rendered complaisant.

The Revenue laws empower the Commissioner to do whatever he deems advantageous for the public service. As a consequence, new rules and regulations are constantly issued, new forms are prescribed for the government of business men, and a non-compliance with any of them, resulting from ignorance or any other cause, subjects the honest dealer to inquisition, annoyance, and loss of his property, and damage to his reputation. The minions of the law infest their stores, dog them on their way home; follow them to places of amusement, and even track them when they repair

to the sanctuary. The most honorable man is liable, innocently, to commit an act by which his whole property may be confiscated, and himself cast into prison; as the hungry official, who effects a seizure, is allowed a moiety as his perquisite; he tracks the unwary like a blood-hound, and does not relinquish his pursuit until he has buried his fangs in his slaughtered victim. Besides the stimulus of the moiety, amounting in some cases to thousands of dollars, the Revenue Detectives are spurred to energetic persecution of innocent dealers by the consideration that the more seizures they make, the more persons they apprehend, the more objections they raise as to the manner in which business is conducted, all tend to elevate them in the eyes of their superiors, and gain for themselves credit for sagacity, zeal, and efficiency as public officers.

Under pretence of showing their victim an error in his mode of doing business, these harpies coolly deceive him, and involve him in inextricable difficulties by which they amass wealth. They creep into the dealer's confidence solely for the purpose of betraying him. While the Government employs such abandoned wretches no man's property is safe, and their acts of tyranny and oppression may sweep off the accumulated wealth of years and the fair fame acquired by a life-long career of honor.

CHAPTER IV.

THE WAREHOUSE SYSTEM.

THE Warehouse System gives the Whiskey Ring a golden opportunity to defraud the Government and reap a rich harvest for themselves.

To illustrate the working of this species of fraud, we will suppose that one thousand barrels of whiskey are stored in a bonded warehouse, in Akron, Ohio. It is purchased in an unrectified state and shipped to New York. On its safe arrival the security that has been entered for its transportation is released, and it is deposited in the bonded warehouse. Upon entering the necessary security for its return, and obtaining a certificate of withdrawal, the whiskey is removed from the bonded warehouse to be rectified. After undergoing the rectifying process to fit it for use, it is required to be returned to the bonded warehouse. Through collusion between the official authorities and the purchaser, the whiskey is drawn into new barrels, and the original barrels are filled with water and conveyed to the government warehouse. The official inspectors, for a consideration, permit their brands to be placed upon these barrels of water, together with the necessary gauge marks. As the whiskey is thus clear profit, of course the purchaser can afford to be liberal in his treatment of the Treasury guardians, and

as they are not burdened with sensitive modesty, they take all they can get and, like Oliver Twist, ask for more. To get rid of the water and prevent exposure, a permit for its exportation is procured, and the simulated whiskey is released from taxation. Accordingly it is shipped to Brazil, Hamburg, Rio Janeiro, or some other port and there it remains. It is estimated that fifty thousand barrels of whiskey have thus been manipulated by the Whiskey Ring, and the Government has thereby been defrauded of six millions of dollars by the shrewd manœuvre. It is even insinuated that the burning of bonded warehouses, in different parts of the country, which were supposed to be stored with whiskey, may be traced to the accumulation of so much water in them, and as water is not susceptible of spontaneous combustion, it is reasonable to conclude that the fire was kindled from the outside by interested parties.

CHAPTER V.

ILLICIT DISTILLATION OF MOLASSES WHISKEY.

THE contraband manufacturers of whiskey are divided into two classes, one of which comprises the illicit distillers of whiskey from corn, wheat, rye and barley malt, and who constitute the aristocracy of the profession. The second class includes the less pretentious outlaws who surreptitiously produce whiskey from common molasses.

There is as marked distinction between these two classes of criminals as existed between the patricians and plebeians of ancient Rome, and no intercourse or even recognition between them is countenanced.

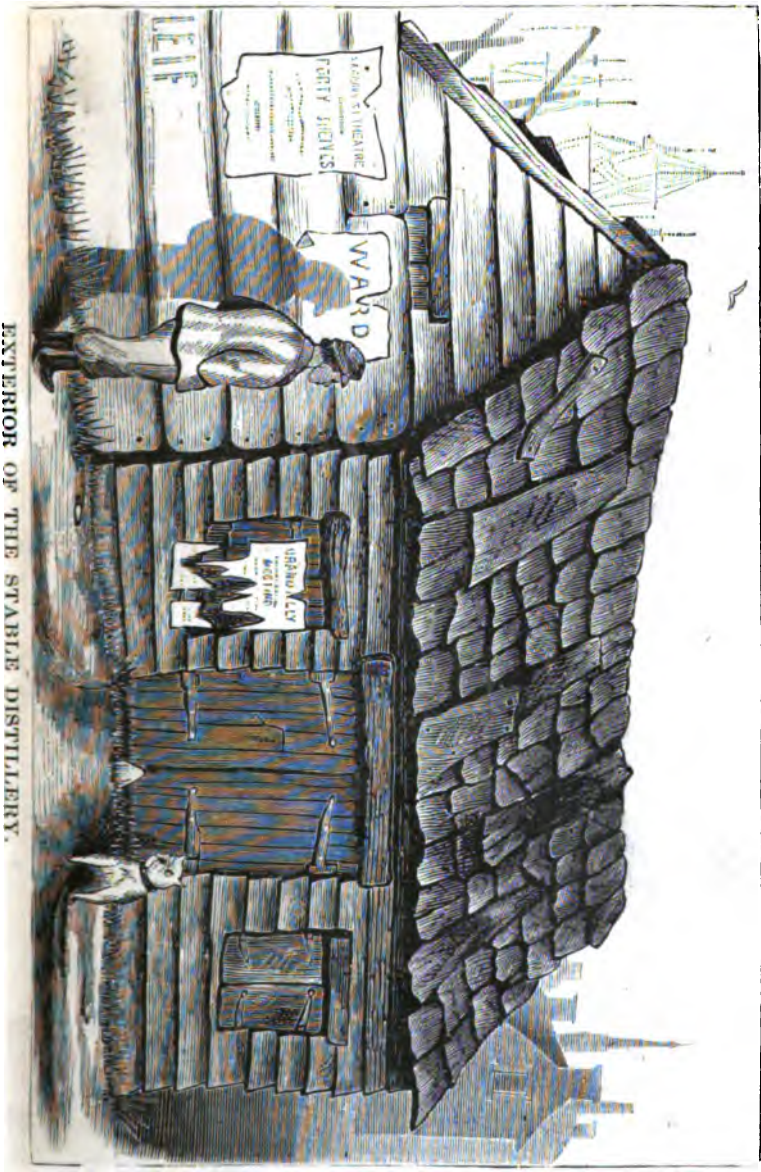
The molasses contrabandists are generally Irish, of the lowest grade; rough, brutal, crafty and audacious fellows, whose supreme delight consists in cracking skulls, and who are never so happy as when engaged in a brawl or shindy. These fellows have had experience in the old country in keeping a "Shebang," or unlicensed tavern for the sale of contraband whiskey, and before emigrating to the United States they were adepts in "running Poteen," a term derived from the malted oats, rye or barley, which the Irish carry to mill with their family bag of corn to be ground for illicit distillation.

Tricks and artifices, calculated to deceive revenue

officers, have been practiced in Ireland for generations, and become a science, and when Congress imposed a heavy tax on whiskey in this country, a broad and rich field was opened for the operations of these Celtic experts.

The distillation of molasses whiskey requires the employment of a Still shaped like a tea-kettle, excepting that the spout protrudes out of the top, which is called the head, instead of being placed at the side. The capacity of these Stills ranges from thirty to three hundred gallons, and they are made of copper or tin. Tin is commonly used for that purpose because it is cheaper, and on account of the risk of seizure which is incurred. The capture of a copper still would give unspeakable grief to its owners, who would grudge the revenue officers the satisfaction and profit they would derive from the sale of the copper.

The smaller Stills are usually made by a neighboring tinker, who thoroughly understands his business, and accomplishes his task in some obscure basement or garret. Work of such confidential nature could not be carried on in the shop where he makes his boilers, pans, or other wares, for fear that some inquisitive observer would discover the secret of his employment and trace out the locality for which it is intended. The tinker is a most punctilious personage and difficult of access; without an introduction from a member of the fraternity, he could not be induced to make a Still, but would disavow that he was engaged in such business, and refer you to some other craftsman. If the tinker proves to be a good workman, and faithful



EXTERIOR OF THE STABLE DISTILLERY.

to his employers, his business speedily becomes prosperous and lucrative; he is required to repair all the Stills that get out of order, and to furnish new ones to replace those that may be destroyed by the operators when they have reason to apprehend that their establishments have been discovered by the authorities.

The larger Stills are manufactured by regular tin and copper smiths in the city. They are constructed with like secrecy and delivered by trusty agents. This class of work is necessarily monopolized by a few manufacturers. Only those are employed who are thoroughly known and can be confided in, and it would be extremely hazardous to disclose the secret business to any considerable number of men.

The Still being completed, a spot is selected in some remote and inaccessible suburb whereon to set it. A yard, cellar, garret or stable is selected for that purpose, or a shanty is built for its accommodation. In this case, the work is intrusted to a trustworthy person, generally a journeyman bricklayer, who is required to be familiar with the mode of adjustment, with due regard to the proper facilities for drawing fires and concealing and smothering coal, cinders and ashes, when the fires are suddenly drawn in case of alarm at the approach of a Government officer.

When the Still is set, a "worm" is attached to its spout or nose, either by soldering or by a clay connection. The "worm" consists of a coil of pipe, one or two inches in diameter, made of copper, and rolled up to such a size that it may be placed in a common vinegar barrel and headed up, if necessary to remove it.

Sometimes it is made to fit into a hogshcad. The "worm" is highly prized by the contrabandists, and is guarded with scrupulous care; for on it depends their entire business. An impromptu Still can be fabricated out of a wash boiler, but a "worm" can only be procured with great difficulty and expense. Accordingly, in case of danger or seizure, they willingly sacrifice the entire establishment and its fixtures, but preserve the precious "worm."

When the molasses is drawn, the hogshcads serve as "mash-tubs," of which a considerable number is required as business increases, as it invariably does, in case the operators succeed in spiriting away and selling the first lot, on which the profit is enormous.

The product of distillation is mixed in the proportion of thirty gallons of spirit to one hundred gallons of water and two gallons of yeast. The mixture is allowed to stand for two or three days to ferment, and the fermentation is accelerated or retarded according to the temperature. The process of fermentation requires considerable care, inasmuch as a sudden change of temperature or weather "throws it back or sours it." The compound, when properly fermented, is called mash or beer, and is put into the Still through the head and boiled until its strength is extracted. The steam which is generated passes through the worm, surrounded with water, and condenses into "low wine," which is "doubled" or run through the Still a second time, by which process it is converted into whiskey of intense strength, being from ten to forty degrees above proof.

The yeast required is procured by the barrel from some large distiller, as there is no convenience for making it in a small establishment, inasmuch as it demands a carefully-regulated temperature for its proper fermentation, and few of the small operators understand how to manufacture it. The knowledge possessed by this class of citizens is mostly confined to shoulder-hitting, cock-fighting and bulldog-training. They are moreover perfectly instructed as to the number of votes required to elect their local candidates at delegate or general elections, and know how to make voters to order.

One person usually purchases sufficient yeast to supply such of his neighbors as belong to his particular ring, which includes those who buy their molasses at the same refinery, sell their liquor to the same parties, and have it hauled by the same "runner." They prefer to deal with the same persons in order that their business intercourse with outsiders may be as limited as possible, and thus avoid giving publicity to their proceedings.

After the whiskey is made it is barrelled up and removed to a neighboring stable, shed, yard, cellar, kitchen, or elsewhere, out of the reach of the Revenue officers, where it remains until sufficient is collected to form a load, which consists of eight or ten barrels. Enough is always left in the Cistern Room to show the Government Officers when they call to obtain returns, when the place is licensed. The door of the Cistern Room is fastened with a Government Lock, but it is easy to break the connection between the

“Doubler” and the Cistern Room, since the pipes are made with special regard to the facility with which the connection may be severed and reunited. These operations are effected with a soldering iron, if practicable and safe, or, in case it is inexpedient to use a soldering iron, a casing of solder is placed in a bungling manner around the pipe where the joint should be made, so as make it appear to be right; a board is taken from the partition that encloses the cistern, and a hose is so arranged that the whiskey runs through it into a barrel that is hidden from sight, instead of passing into the cistern, where the Government Officer could measure it and make a proper return, so as to collect the tax. Sometimes the staple in which the lock is fastened is drawn out and loosely replaced, so that the cistern door may be easily opened.

When the contraband whiskey has been safely removed, the United States Inspector is notified to call at a stated time to inspect, gauge and mark the barrels which are intended for the regular market. That official measures the inside dimensions of each barrel with a rod, and tests the strength of the whiskey with an hydrometer, which shows the number of degrees it is above or below proof. The more limpid the liquor, the higher it is above proof, and vice versa.

The Gauger is commonly a member of the Ring. The Gauger has sufficient knowledge of arithmetic to enable him to gauge correctly. They mark the barrels with their names, the number of the Collection District, and the number of proof gallons which each barrel contains. Great fraud is perpetrated by the use

of serial numbers for marking the barrels. Thus, if the Gauger is required to mark twenty barrels he numbers them consecutively from one to four, and then repeats this series five times, and makes returns to the Collector of four barrels only, and the remaining sixteen barrels escape taxation. In case the barrels are stopped and examined, a reference to the Collector's record corroborates the marks found upon them. In some instances barrels marked with the same serial numbers have been found in a wagon or store, but such mistakes are not of frequent occurrence, as they are carefully guarded against.

Only the liquor intended for the regular market is thus marked in serial numbers. The molasses whiskey is chiefly sold to tavern keepers and retail dealers, and the marks are put on by the distiller with his private stencil; the head of the barrel is painted with red lead or Spanish red mixed with water and stencilled on the top, and this manipulation serves to pass it through the streets and into the stand-cask at the tavern. The stencil marks are effaced from the barrels, which are returned to the distillery for future use. Since the frequent purchase of new barrels would excite suspicion, the empty barrels are collected by a trusty henchman, who employs for that purpose a barrel wagon provided with high standards; and when a load is gathered, he conveys them to his own home, where he distributes them among their owners at his leisure or as occasion may require. He likewise obliges his neighbors by furnishing them with contraband whiskey, and to avert suspicion he collects slops and gar-

bage from different houses, and the whiskey barrel in his wagon is consequently supposed to contain the gathered rubbish.

The contraband distillers usually secure a lot of ground on lease or by purchase, which they enclose with a high fence, leaving some boards loose at the bottom and the side nearest the distillery, so that barrels can be rolled in and the boards replaced.

The fence also serves to screen the wagon used by the "runner" from observation while it is loading, as every possible precaution must be taken to avoid detection. When the wagon is properly loaded in the enclosure, the curtains are closely drawn down and the driver watches for an opportunity to drive out without being observed. After leaving the premises he takes a direction opposite to the one required for the delivery of his load, and drives up one street and down another for fear of being "spotted." If espied by an officer he either urges his horse to his utmost speed, and the horses used in the contraband traffic are selected for their fleetness, or if it be night time he draws his revolver and threatens the officer with its contents, or if pushed to extremities he deposits a roll of greenbacks on one of the barrels and facetiously remarks to the officer that the barrels are all regularly stamped, and so they usually appear to the public functionary. Unless the officer be keen and shrewd he will ultimately discover that the crisp, attractive notes are counterfeit, and in such case the officer preserves inviolable secrecy about the matter lest he

should be mercilessly ridiculed by his brother officers for his verdancy in being entrapped.

When the contraband load is actually captured, the horse, wagon and whiskey are confiscated to the mutual loss of driver and distiller.

But such accidents seldom occur, inasmuch as when a smuggling trip is projected scouts are posted along the route to keep a vigilant watch for impending danger. If a suspicious person appears he is decoyed into some bar room to take a drink, or if this persuasive fail he is set upon and beaten by a gang of roughs who happen to be conveniently near.

Sometimes an obliging detective is induced to "convoy" the cargo, and if another officer attempts to detain it the detective informs his comrade that he has "nailed" the concern and is conducting it to the Bonded Warehouse. In case it is required to run off a large quantity of the contraband article, a "blind" is used, which consists of a wagon loaded with barrels of water, and the detective conveys to the Bonded Warehouse aqueous fluid instead of whiskey.

The "blind" is also used as a "feeler" when whiskey is being run away from a suspected place.

Whenever a place is suspected and watched by the authorities, some complaisant individual from the Collector or Assessor's office gives timely notice to the distiller. In such cases the "blind wagon" is driven away from the distillery as ostentatiously as possible, and the "spotters" chase it to effect its capture. When it is overtaken the driver blusters or begs, argues or cajoles, and delays the "spotters" as

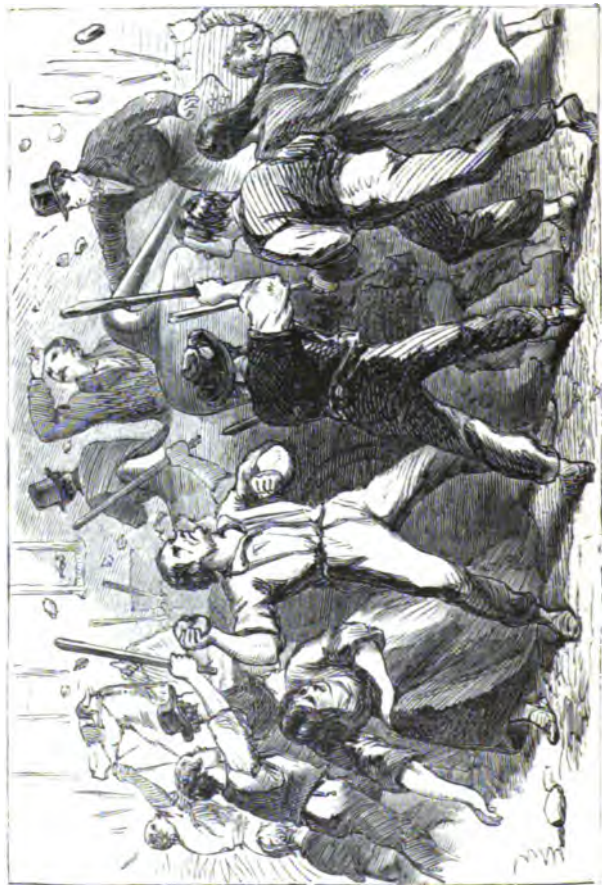
long as he is able, and thus gives time and opportunity for the real whiskey to be conveyed to its destination.

When the trick is discovered the officer stipulates with the driver to "hush up" the matter, as he shrinks from being a target for the small wits of his comrades to aim at.

By such stratagems immense quantities of whiskey are surreptitiously removed and no mention is made of the operations resulting in the discomfiture of the officers.

When a distillery is seized a crowd of roughs assemble to spirit away every portable article before an inventory of its contents is made.

At such times there is imminent danger of bodily harm to the officers, as the ruffians suggest the most desperate measures, and would not hesitate to execute them.



WHISKEY RIOT IN RICHMOND, PHILADELPHIA.

CHAPTER VI.

WHISKEY RIOT IN PHILADELPHIA.

IN the month of October, 1867, the number of illicit distilleries in the Richmond district of the city of Philadelphia, had swelled to such proportions that their proprietors proclaimed open defiance of the law and authorities.

The audacity of the outlaws and the magnitude of their operations compelled the officers of the law to attempt a suppression of the growing evil, and accordingly measures were adopted by the United States District Attorney and Marshal to terminate the nefarious business.

Visits of exploration and discovery were made to the suspected districts by deputy marshals and detective officers, acting independently of each other, for the purpose of ascertaining the precise locality of the stills, "spotting" the persons engaged in the traffic, and determining the plan for their contemplated campaign. The officers, in the prosecution of their researches, were compelled to imbibe frequent draughts of rifle whiskey without making a grimace; expatiate on the merits, powers, and struggles of eminent bruisers; and discuss the qualities of the fighting dogs, Bounce, Rattler, Crib, and other game canines, whose memory is held in sacred reverence by the contrabandists, and whose

portraits hold the place of honor in every bar-room and grocery. The search for information, prosecuted by the officers under such difficulties, was crowned with success, and numerous clandestine stills were ferreted out.

Experience had taught the officers that in making a raid on the contraband distilleries a simultaneous descent must be made upon the whole of them, since if a few only were captured, all the neighboring ones would be stripped and their contents hidden in hot haste, and every operative and laborer who had worked on the premises, would have donned a pair of overalls, made of tow linen or drilling, to conceal the smearing of molasses on his pantaloons, and lighting his "dudeen" the contrabandist would be found by the officers sauntering along the street as consequentially as a "boss drayman," a dignitary who, next to the priest, is considered the most important personage in the contrabandist community.

Upon consultation with each other and having marked out the proper mode of approaching the several stills, it was arranged that a party of deputy marshals and their assistants, twelve in number, should start early in the morning, and clean out the infected district.

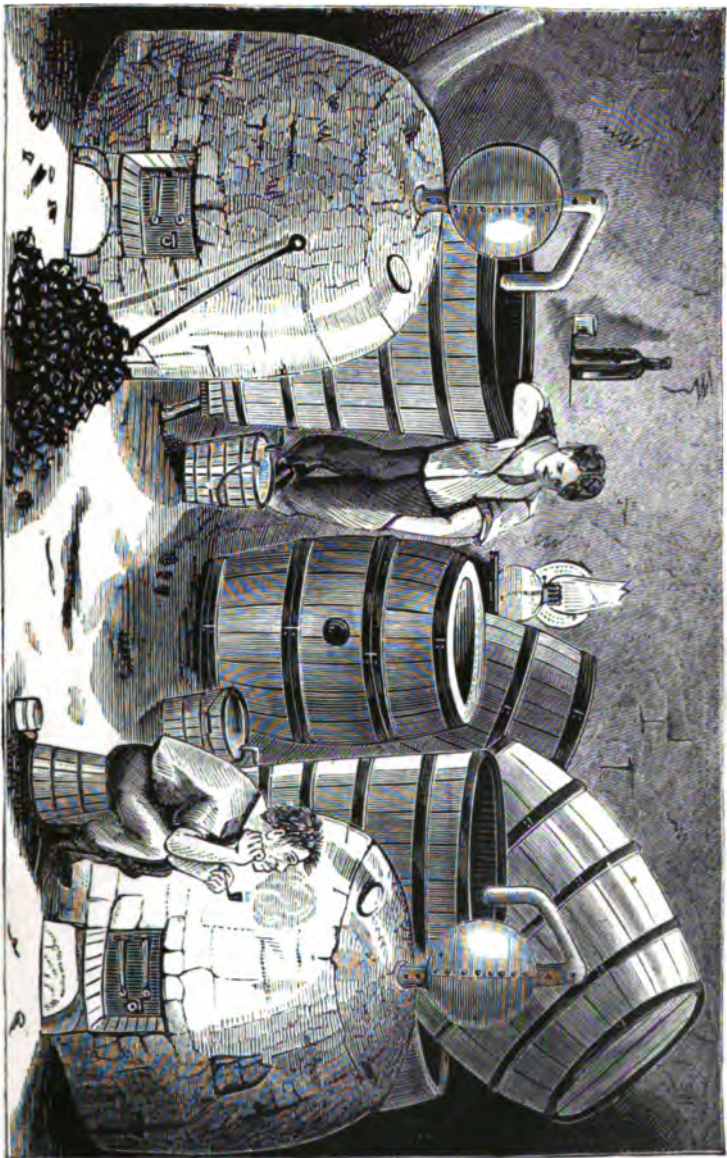
Diverse opinions were entertained and expressed as to the probable success of the expedition. It was believed by some that no trouble would occur or opposition be encountered, but that the enemy would at once succumb and permit their property to be destroyed when they learned the formidable character of their

assailants and realized the futility of contending against the Government.

One of the deputy marshals, however, was a native of the district and knew the desperate nature of their antagonists. He prophesied that the crowd would not submit quietly to the spoilation of their property or suffer themselves to be apprehended without a contest. He stated that many of the outlaws would deem it their paramount duty to resist the officers, as they had conscientious scruples against taxation and tax-gatherers. He admonished his companions to be prepared for emergencies and not to rely on moral suasion or the majesty of the law. Acting upon the advice of this sagacious counsellor, the party liberally provided themselves with revolvers, billies and other war-like implements, and started for the scene of operations.

They first visited a "shebang" which was ostensibly a grocery store and whose appearance denoted honesty and fair dealing. An examination behind a pile of soap and tea, however, disclosed the existence of a "bar," consisting of a plank extending across some barrels which contained liquors purporting to be of fine quality and choice brands. One barrel was filled with fine old cognac, so read the legend on it, which was dispensed to the thirsty and appreciative customer at ten cents per glass; another barrel ostentatiously proclaimed its contents to consist of incomparable old rye whiskey, which was vouchsafed to the favored patrons at seven cents a tippie; another barrel contained a precious fluid designated as Hol-

land gin. Other barrels and casks were brimming over with delectable mixtures which the credulous were informed were wines, cordials, and spirits imported from foreign countries, and characterized by richness of flavor, delicacy of color, purity of quality and excellent body. All these simulated foreign liquors and beverages were, however, fabricated by the storekeeper in his back yard, out of molasses run through a still. His neighbors supposed him to be engaged in the manufacture of apple whiskey, and to encourage this delusion he placed a cider press on his premises and occasionally purchased a small quantity of apples. The cider expressed from the apples was, by his skilful manipulation, converted into wine or cordials to suit the demands of his customers. The lees were thrown into his fermenting or mash tub and called apple whiskey, on which liquor the law imposes no tax. The liquors dispensed by this spirituous artist were universally admired by his discriminating patrons for their potent strength and purity. To fabricate choice old cognac, the compounder admixed his molasses whiskey with pounded hickory nuts to soften its flavor and mitigate its asperity; burnt sugar was added to give the beverage a delicate amber color, and an infusion of corrosive sublimate furnished it with a "bead" or corona, which should crown and adorn the sparkling glass. The "Holland gin" was produced from molasses whiskey by impregnating it with juniper berries and a flavoring extract yielding the delectable aroma of coal oil. When the officers visited the premises of this ingenious artist and made known the



INTERIOR OF THE STABLE DISTILLERY.

destructive nature of their mission, he earnestly protested his innocence of any intention to violate the law, and strove to retain his still, using first his tongue and afterwards his "shillelah" in its defence, but all to no purpose, as his idolized "still" was ruthlessly shattered into innumerable fragments by the relentless and unsympathizing raiders.

In a stable near the coal wharves on the Delaware river, there were found two copper "stills," but as there was no chimney to the stable it was not suspected of being used for the manufacture of whiskey. To carry off the smoke and secure a good draught for the fire, the worthy proprietor had constructed a wooden pipe which was buried in the side of an adjoining hill for the distance of two hundred feet, and emerged from the ground in the rear of a collection of pig-pens. This "still" had been running unmolested for more than a year, and the operator had accumulated a fortune by selling the product to the boat-men on the river, thus avoiding the risk of capture incident to the transportation of whiskey through the streets.

The invasion of his premises by the officers excited the ire of the Milesian contrabandist; he swore that America was becoming an oppressed country like old Ireland; he proclaimed himself an honest, industrious man who paid his debts and taxes, and conducted himself as a good citizen; he denounced the interference of the government with his legitimate business, and protested against the wanton destruction of his property and the violation of his rights; he threatened to

have the officers discharged, asserting that he possessed plenty of money and political influence.

Numerous "stills" were unearthed in cellars and back-yards; and one still was discovered in an abandoned tan-yard. The mash tubs, which are the most conspicuous appliances of illicit establishments, were concealed in the unused tan-vats, where thirty molasses hogsheads were stored away.

Accident alone revealed the existence of the tan-yard concern to the officers. Inasmuch as the vats were covered and the smell of the "flake" was general throughout the neighborhood, it was impossible to discover the locality of each "still."

In passing through the tan-yard one of the reconnoitering party chanced to tread upon a loose board which broke under his weight and disclosed the mash.

The officers, in small squads, proceeded to destroy the "stills" which had been previously noted; without any warning they forced open the doors of stables, sheds, and out-houses; they climbed over fences and explored enclosures to the surprise and astonishment of the spectators. The first impulse of the owners of the property was to save the precious "worm," and while the officers were crushing the mash-tubs, destroying the mash, and wrenching the "stills" from their beds, some of the invaded fiercely assailed the officers, while others hastened to apprise their neighbors of the attack on their property, and secure assistance to repel it. Their neighbors, however, were in the same dilemma as themselves, being visited by a

squad of officers, and despoiled of their illicit property.

The contrabandists were for a time completely paralyzed, and labored under the belief that the attacking party was much larger than it really was, consequently they interposed little resistance to the officers, and witnessed in silence and grief the destruction of their cherished "stills." Meanwhile the women and children collected at the scene of action, armed with brooms, shovels, pitchers, pans, hatchets, and other warlike or domestic implements. Some of them were affected to tears at the sight of the wide-spread devastation; some of them hurled threats and imprecations at the stern officers of the law; and some with feelings of gratitude towards the officers, began to dip up the mash as it flowed down the gutters and troughs after the mash-tubs were broken up.

When, however, the stills and worms were removed and deposited in the wagons which accompanied the party, the pent-up feelings of the excited multitude could no longer be controlled. The sight of the battered heads of the "stills," the bent and twisted appearance of the precious "worms," and the destruction of their loved "poteen," aroused their anger and drove them into phrenzy. Moreover, when the officers assembled around the wagons, the crowd became aware that they had greatly magnified and exaggerated the force of their assailants, and believed themselves capable of annihilating them. The women, after conveying to their homes the mash they had saved, gathered around the wagons and assailed the officers with vitu-

peration and abuse, and stigmatized them as miserable "spalpeens," at the same time showering upon them bricks, stones, and dirt. Half-grown boys and girls joined in the assault, and when the officers endeavored to quell the attack or ejected the assailants from the wagons into which they had climbed, the men took part in the meleé and used clubs, stones, shovels and pistols, on their antagonists, and surrounded and jumped on the wagons from which they strove to dislodge the officers, who defended themselves valiantly with their billies. The tumult and shouts of the combatants aroused the whole community, and men, women and children swarmed out of their adjacent streets and alleys like hornets disturbed in their hive.

Some of the mob seized the horses' heads and began to unhitch them from the wagons; others struggled to rescue the contents of the wagons from the officers' possession; and others pelted the officers with every species of missiles they could obtain. So sorely pressed were the officers by the infuriated ruffians that they were tempted to shoot indiscriminately into the crowd to disperse it and save their own lives. They, however, succeeded, by dint of hard blows from their billies on the heads of the leading rioters, in opening a passage-way through the throng for their wagons, the contents of which had by this time been mostly recaptured by their assailants.

At this juncture the most desperate miscreants made a fresh attack on the officers and cut one of them severely about the head. They subsequently assaulted one of the deputy marshals, who, in self-defence, drew



AMAZONIAN STRUGGLE FOR A STILL.



SHOOTING A 'CONTRABANDIST'.

his revolver and shot one of the ring-leaders named Tom Lanney. This determined action of the officer scattered the crowd and terminated the affray, and the officers hastily returned to the Marshal's office, fatigued with their exertions, sore from their bruises, and minus their booty.

Upon reporting the result of their expedition to the Marshal, he consulted with the United States Judge and District Attorney, and upon their advice application was made to the Commandant of the Navy Yard for a force of marines to aid the officers in vindicating the laws and seizing the contraband property. Accordingly a squad of thirty marines were detailed to accompany the officers on the following day to the scene of strife. The company embarked in the Richmond cars and reached their destination early in the morning, and forthwith proceeded to finish the task of demolition commenced the previous day. Each party of officers was escorted by a squad of marines, some of whom were prompt and zealous in the discharge of their duty, while others were lukewarm and untrustworthy, apparently sympathizing with the contrabandists and reluctant to destroy their favorite whiskey. A score of stills and worms were captured on this occasion and brought to the Marshal's office, and the fixtures and appliances of the illicit establishments were demolished. Twenty of the rioters were arrested and held to bail to answer at court for their criminal conduct. Some of them were subsequently imprisoned, and the rest were released on furnishing security to obey the laws and abandon their illegal business.

CHAPTER VII.

WHISKEY WAR IN BROOKLYN.

ON Thursday night, November 22d, 1869, the tocsin of war was sounded in the fortifications round about New York, and military preparations were set on foot that reminded many a veteran of old campaigns in Dixie. At Governor's Island, Willett's Point, and Forts Hamilton, Wadsworth and Schuyler, there was mustering of troops, issuing of ammunition and rations, rolling of blankets, and a general examination of muskets and bayonets that gave a very deadly aspect to the secret purposes of commanding officers and betokened a protracted campaign. Lieutenants, thirsting for glory, whetted their swords, and slept on the floor in order to inure themselves to hardships; and privates dreamed until reveille of the smoke of battle and the feats of bummers in bygone days. Patriotic citizens residing in the neighborhood of their military movements nobly offered to sacrifice themselves upon their county's altar in the capacity of sutlers and purveyors, and a gallant array of contractors, whose services in the late war were so handsomely recognized, bid farewell to home and children to join the 'invincible quartermaster's brigade. Everything indicated a brilliant campaign. There was some comment upon the absence of ambulances and baggage wagons, but

as it gradually became known that steam transports were to be furnished, visions of the Spanish squadron, Fort Fisher, Cuba, and New Orleans, filled the minds of the braves, and the plaintive notes of "Just before the battle Mother," were drowned in the strains of "A Life on the Ocean Wave." So inspired were the troops with anticipations of glory, that when reveille started them from their uneasy slumbers early in the morning every man rushed to arms with a defiant air that would have struck terror to the heart of an enemy and hurried him into ignominious flight. By daylight the troops were marshalled and embarked for the seat of war, and after an exciting voyage the transports arrived in safety off the Brooklyn Navy Yard. A judicious disposition of United States marines had been made to cover the landing of the military expedition, which was effected without loss, the sudden movement, happily, not having yet been communicated to the enemy entrenched in that section of Brooklyn known as Irishtown, and famous for brogue, bad whiskey, and bloody heads.

The expedition thus successfully disembarked was commanded by General Vogdes, and consisted of two hundred and fifty men from Fort Hamilton, two hundred men from Governor's Island, one hundred and fifty men from Fort Wadsworth, one hundred from Fort Schuyler, and one hundred from Willett's Point; and when drawn up in line in the Navy Yard, with drums, banners, and all the "pomp and circumstance of glorious war," the force made a formidable appearance that paralyzed with dismay every employé in the

yard that had ever breathed a disloyal sentiment or tasted the whiskey of Irishtown. While these dread preparations on the part of the army were going on, a large number of men in citizen's dress, armed with revolvers, crowbars, axes, &c., were assembling and were finally formed into a sort of "forlorn hope," under the command of revenue officers Thompson, Wass, Bullard, and Wallace. General Vodges established his headquarters in the office of the Commandant of the yard, where he was joined by the Collector of the Fourth Revenue District, General Pleasanton, who at once assumed supreme command.

The object of the movement was now developed, and arrangements were speedily consummated for the military occupation of Irishtown and the destruction of the many illicit distilleries in that section. An attempt was made several months since to break up the secret distilling operations in Irishtown, and a force of marines which participated in that undertaking was beaten off by the mob. Two officers were badly wounded in that affray. In the long interval of quiet which followed, the Irishtown distillers increased and enlarged their establishments until about six weeks ago, when the present Collector, General Pleasanton, made another attempt at seizure in the same locality. His deputies on that occasion were assisted by twenty policemen, but they were soon attacked by the Irishtown Brickbat Invincibles and driven from the field in great confusion. This second triumph encouraged the inhabitants of that section to extend their whiskey manufactories still further, and to assume such an atti-

tude of defiance towards the revenue officials that General Pleasanton deemed it unadvisable to make another descent upon the place without an overwhelming military force to overawe the riotous element, and not only render the movement a complete success, but by intimidation prevent any demonstration that might lead to bloodshed. Accordingly, after having thoroughly posted himself by means of detectives respecting the localities of the illicit distilleries, the Collector called upon the government for troops, and General McDowell was instructed to furnish him with whatever force he might require. All these preliminaries were conducted with so much secrecy that the sudden movement of troops was the first intimation which the public had of the intended raid.

The rumor of these military preparations, which reached the city from the forts the preceding night, and the concentration of troops at the Navy Yard, gave rise to a thousand wild speculations respecting the ultimate destination of the expedition. The Fenian invasion of Canada, the Spanish gun-boat question, assistance to Cuba, and the occupation of St. Domingo, figured prominently among the many topics discussed as being the probable cause of the movement, and until a late hour in the day, when the real purpose became known, the excitement continued on the increase, fed by the wildest reports respecting the sudden shipment of troops.

Irishtown consists of that section of Brooklyn which lies west of and immediately adjacent to the Navy Yard, and extends from the East river over the hill

for several squares, and westerly to within a short distance of Fulton street. This section is notoriously bad. All sorts of illegal practices have been flourishing there, and the riotous demonstrations made on the two occasions above mentioned give a slight idea of the temper of the inhabitants. The streets are narrow and filled with loose stone, brickbats and other missiles; the buildings are of the cheap tenement order, with innumerable old shanties and dangerous dens; and the denizens of the locality would turn from their private broils and pelting of inoffensive cats and dogs to a riotous assault upon officials with a relish such as only a plug-ugly can experience. The police are intimidated by the roughs of the neighborhood, and some of them stationed there have found it to their interest not only to execute orders in a very tender manner, but to shut their eyes to notorious illegal operations. General Pleasanton states that one of the policemen who formerly assisted in the seizure of illicit distilleries, complained to the deputies of its being rather hard that he should be compelled to participate in the destruction of establishments in which he was himself interested; and there is no doubt that the neighborhood will again resume its distilling operations without fear of interruption until the violation of law assumes such magnitude as to justify another occupation of the place by a large military force to protect revenue officials in the execution of their duty.

General Pleasanton, having issued the necessary orders to the deputies, and their working parties hav-

ing assembled at the Navy Yard, the troops marched out of the gates and deployed along the street. Colonel Best, with a portion of the troops, took up a position at the junction of Hudson avenue and Water street; General Abbott, with another body of men, was stationed at Plymouth and Little streets; and General Kidder, with another force, occupied Little street, near the river; while small detachments were deployed in various localities, forming a cordon about the district to be searched. A reserve force remained in the Navy Yard, under the command of Colonel Clossen; and Colonel Hall, acting as aid to General Vodges, superintended the general disposition of the troops. The marines were also held in readiness for any emergency, and every preparation was made to quell the mob on the instant. The troops having all been stationed, with loaded muskets and forty rounds in their cartridge boxes, the revenue officers and working party commenced the seizure of distilleries.

Several hours were occupied in the work of breaking into distillery dens, and as fast as barrels containing whiskey were discovered they were carted to the Navy Yard under guard. A number of draymen had been employed by the Collector for this duty, but on arriving at the scene of operations they refused to participate in the seizure, and the Collector was compelled to call on the Commandant of the yard for transportation, and several teams were sent out by the Admiral. All kinds of apparatus were found among the distillers, from the complete still capable of manufacturing thirty or forty gallons per day, to the rudest

contrivances secreted in bed-chambers and kitchens. At one place a still had evidently just been tumbled into the river, as the furnace was still hot, and there was every indication of a distillery except the presence of the still itself. About one hundred and fifty barrels of whiskey were pumped out of vats into the streets, and over fifty barrels were seized and brought away by the revenue officers. It is estimated that the places thus broken up were capable of producing from three hundred to four hundred gallons per day; all of which not only evaded the license necessary to the manufacture of whiskey, but the revenue tax, and robbed the government of a large amount. A great number of barrels were found bearing stamps that had been previously used. These stamps are placed upon a barrel of whiskey and defaced by the gauger, and after the contents have been drawn off the barrels, with the stamp remaining, are secretly sold to the illicit dealers for five dollars per barrel. By this means the dishonest dealer saves fifteen dollars on each barrel of whiskey, and can use the same stamp half a dozen times.

While the working party was thus engaged in breaking into the whiskey dens and smashing things generally with crowbars, axes, etc., the inhabitants of the district assembled in noisy crowds and heaped all manner of imprecations upon the officers. The Irish women collected at the upper windows were particularly violent, and made a bedlam of the place with their ferocious demonstrations. At one time there was apprehension of organized resistance. A body of



men known as the "Rangers," and commanded by a Captain Dougherty, were reported to be rallying, and a couple of target companies belonging to the neighborhood were also said to have their blood up, but the formidable array of troops cooled their ardor and prevented any serious outbreak. A few stones were thrown, and one or two carts on their way to the yard with captured whiskey were interfered with, but the guards quickly put down all attempts of this kind and preserved order throughout the exciting scenes.

At one o'clock, the seizures having been completed, the troops reformed, and, with the deputies in the centre, marched to the Navy Yard, escorting the spoils, consisting of whiskey and distillery apparatus, valued at several thousand dollars. As soon as the line of march was taken up the populace reassembled in an immense crowd, and closely followed the troops, with shouts and threats of violence. Finally, when stones and other missiles had commenced to fly rather dangerously, and there seemed a probability of a sudden assault, the troops were ordered to fix bayonets, and a charge was made upon the mob which drove the rioters back in confusion and quelled them until the expedition had reached the yard. No casualties occurred other than a few bruises from stones and bricks, which slightly wounded three or four men. Upon reaching the Navy Yard, the troops re-embarked and returned to their respective quarters, and the revenue officers proceeded to their homes, leaving Irishtown to meditate upon its sudden surprise and discomfiture.

The principal stills were located in United States,

Marshall, Plymouth, Water and Little streets, and Hudson avenue. No arrests were made of individuals engaged in the illicit distillery operations, the object of the expedition being simply the seizure or destruction of property. The penalty for using a whiskey revenue stamp the second time is imprisonment and a fine of one thousand dollars, but the difficulty in convicting parties charged with this offence is so great that it is seldom attempted. It is the purpose, however, of the revenue officers to wage a relentless war upon all illicit distilleries, and a large corps of detectives is constantly engaged in ferreting out the establishments.

CHAPTER VIII.

FABRICATION OF GRAIN WHISKEY.

THE production of whiskey from cereals requires larger capital, greater space, more extensive buildings, a higher degree of skill, and more complete machinery and apparatus than the manufacture of Molasses Whiskey, and the contraband distillers of Grain Whiskey constitute an aristocracy of malefactors. They reside in well-furnished houses belonging to themselves, drive fast horses and fancy wagons, patronize the races in which they enter their crack nags, frequent the bar-rooms of the most fashionable hotels, where they pass their leisure time in conversing about their illegal

traffic, discussing the workings and changes of the Revenue law, devising new schemes to defraud the government, and criticizing the operations and improvements of the plans already adopted. They are men of limited education and vulgar manners, which they endeavor to conceal by aping the address of respectable business men. They assume an owl-like reticence to impress their associates with their caution, vigilance and reserve, which qualities are esteemed to be the highest virtues in persons pursuing their nefarious and clandestine avocation.

They are always well supplied with money which they ostentatiously display, and they seize every possible occasion to draw out of their pockets huge rolls of fresh, crisp greenbacks which they spend freely in treating each other. They are exclusive in their association, fraternizing only with members of the Whiskey Ring and Revenue Officers, whom they entertain as honored guests.

They are active politicians and aim to control the primary elections in their own districts so as to secure the nomination of candidates favorable to themselves. In selecting candidates for office they consult the wishes of the Revenue Officers in their precincts and thereby secure the friendship of those functionaries which may be usefully invoked in emergencies.

Some of the Grain Fabricators are graduates of the Molasses Whiskey school, in which they have acquired their education by means of which they have been enabled to amass considerable wealth, and being ambitious of higher rank and honors they abandon their

plebeian station and enroll themselves among the *élite* of rascality.

The establishment of a profitable grain distillery involves the expenditure of considerable money. The minimum sum required for the smallest works is three thousand dollars, and the majority of them costs ten thousand dollars. A steam engine and boiler must be provided with the requisite machinery for running a mill to grind the grain. A large supply of steam pipes is required and the success of the enterprise is measurably dependent on the proper arrangement of the pipes. A capacious still is an essential fixture, and being bulky and made of wood it occupies a far greater space than a copper or tin still. In consequence of the magnitude of their premises, which precludes secrecy and escape from observation, the Grain Fabricators usually take out a license and pay a special tax.

The still is a cylindrical wooden vat made of staves two inches in thickness and hollowed out like those of a wash-tub, and varying in length from eight to twenty-five feet. Some of the stills have single chambers, others double chambers, and others triple chambers. The chambers consist of apartments or false bottoms, which are filled with fermented mash, technically called Beer. The contents of the bottom chamber are alone kept boiling to distil from, and by the time the strength of the mass is boiled out, the next chamber is heated nearly to the boiling point by the pipe filled with steam or uncondensed whiskey which runs through it from the lower chamber. When the strength is

sufficiently extracted from the contents of the bottom chamber a valve is opened and the swill escapes. The heated contents of the second chamber are then drawn off into the bottom chamber to replenish it. The contents of the top chamber are admitted into the middle chamber and heated by the steam pipe passing through it. By this arrangement the mash is continuously pumped up into the top chamber from the fermenting tubs. Every moment of time is especially precious when the distillery is running, and hence it is important to work the machinery to its full capacity and allow no intermission to the process of distillation.

The "Still" is kept boiling by steam-pressure from a pipe that runs through the bottom and which is provided with a drop valve. In a well-regulated establishment a few minutes suffice to boil a mash.

The "Worm" consists of a large coil of iron or copper pipe, and is immersed in a vat of water to keep it cold to condense the steam passing through it into liquid. This condensation must be effected as speedily as possible, hence in warm weather ice is thrown into the worm-tub to increase the frigidity of the water surrounding the "Worm;" in winter a constant stream of cold water flowing into the worm-tub serves the same purpose.

The "fermenting tubs" consist of large vats constructed in the same manner as the "still," but having a single bottom only. Their capacity varies from five hundred to three thousand gallons, and there are usually eight or ten of them filled with fermented "beer," which is made of a "mash" composed of a

mixture of two-thirds of corn-meal and one-third of rye, wheat and barley, malt. These ingredients are deposited in a receptacle called a "mash tub" and thoroughly stirred or "mashed" with a revolving rake driven by steam power. When the mass is sufficiently pulverized, the "mash" is drawn off into the fermenting tubs and mixed with water in the proportions of a bushel of "mash" to about a hundred gallons of fluid, according to the consistency of the "mash," which varies with the strength of the grain.

The Revenue authorities expect that a bushel of grain will yield two and a half or three gallons of whiskey, but the product will be greater if the entire strength of the grain be extracted. This result is not, however, usually attained, but considerable strength remains in the "swill," inasmuch as it requires more time than would be profitable to secure all the strength of the grain.

Terra cotta pipes are laid under ground to carry off the "swill" into the nearest culvert, and thus prevent any discovery of the quantity of grain used in the establishment. The operators return to the government officials the smallest possible quantity, and some distillers make no return whatever.

In the city of Philadelphia an enterprising individual carried on an establishment for manufacturing tallow and packing hides on a large scale, monopolizing the business in a section of the city where slaughter houses abounded.

His operations were apparently conducted in a legitimate manner, and he was held in high repute by his

neighbors and customers as a man of strict integrity and indomitable energy. His credit was unquestioned and he was enabled to borrow large sums of money for the prosecution of his business and to purchase his supplies on open account or by giving his notes.

Eager to accumulate money in larger sums and with greater celerity than his hide and tallow business allowed, he determined to embark in the manufacture of whiskey without license from the government or payment of tribute. Accordingly he procured a "Still" of two hundred and fifty gallons capacity and capable of running twenty barrels of whiskey per week, and had the still set in his factory. The still was conveyed to his establishment without fear of detection in his hide wagon and covered with skins which were thrown over it to conceal it. The whiskey barrels which were brought to or removed from the factory, were supposed to contain tallow. When the still was properly arranged and in working order a practical distiller was employed at a liberal salary to superintend its operations and to studiously avoid knowing what became of the whiskey which was produced and whence and how the materials were obtained for its manufacture. The distiller was admirably adapted for his situation; he was a good engineer and worked the machinery to its full capacity. Whiskey was produced in large quantities and safely disposed of, and the hide and tallow manufacturer realized an immense fortune from his novel and illicit undertaking.

The Whiskey Ring was greatly exercised to solve the problem whether grain mash could be run in a

copper still instead of a wooden one. They were confronted with a difficulty apparently insurmountable, arising from the circumstance that grain mash, even after fermentation, contained certain glutinous particles which would adhere to the bottom of a metal still when run by direct heat from a furnace and which, being burnt, would communicate a burnt flavor to the whiskey. In the wooden stills, on the contrary, the mash was boiled by steam. The use of a copper still and direct heat, if practicable, would be of incalculable advantage to the contraband operators inasmuch as all the fixtures, appliances and appurtenances could then be embraced in a small compass, large vats and multitudinous pipes would be avoided and a modest establishment could be used that would attract little or no attention, a great desideratum where secrecy, stealth and obscurity contribute materially to success.

In another case a Vinegar Manufactory was successfully employed in illicitly manufacturing whiskey. At this establishment Corn Whiskey was made in large quantities, and immense supplies of grain were brought in without exciting the suspicion of the neighbors, who supposed that it was used for the production of vinegar. The proprietors had regularly procured licenses both as manufacturers and distillers, but the uninitiated supposed that they merely made whiskey of such of the corn as was unfit for vinegar. When whiskey was shipped from this establishment it was branded as vinegar. This fraud was practiced for a long time and with great profit through collusion with the Revenue Officers, who visited the vinegar factory and

fixed the quantity of whiskey which should be returned for payment of the tax, and who also assisted in conveying the contraband article to its destination.

When the vinegar barrels filled with whiskey were removed, one of the immaculate officers accompanied them, and in case the deception was detected by any other party, the vigilant official would claim prior right of capture and continue in possession of the booty. When there was a considerable quantity of this contraband whiskey to be removed it was important to hasten its transportation to the cars, inasmuch as despite all precautions, some of the barrels would leak and disclose their real contents. To avert danger from this source one of the freight loaders at the railroad was "fixed" or paid to attend to the reception and loading of this merchandize.

The vinegar whiskey was generally forwarded to Pittsburg, and the trustworthy official conveyed it to its destination.

On one occasion a lot of three hundred barrels arrived at Pittsburg, and as a dray-load of the stuff was leaving the depot its contraband character was discovered and the load captured. The agent, however, immediately appeared with the manifest, which the Revenue Officer endeavored in vain to secure, for the agent tore it into fragments and chewed them up so that the name, destination and quantity of the lot previously delivered could not be ascertained. The remaining twenty barrels were seized and confiscated, but this loss was merely trivial as compared with the profits which accrued from the lot already delivered.

The Revenue officials were accustomed to call regularly at the vinegar factory and acquaint each other with the memoranda they had made as to the quantity of material, mash and products of the preceding day, so that their reports might correspond within a few bushels, but not precisely, as such coincidence would excite suspicion. The Assistant Assessor and Deputy Collector had a good excuse for not minutely examining into the affairs of the vinegar factory, inasmuch as it was licensed to carry on two kinds of business, and moreover, it was not politic for them to scrutinize closely the manner in which the business was conducted, for the proprietors had great influence at Washington, and if the officers were strict in the discharge of their duties some complaisant Senator or Representative would interpose and secure their removal.

Sometimes a Revenue Officer would call at the vinegar factory and other contraband establishments in his district and notify the proprietors that unless they ceased operations he would inform on them and have their premises seized. He would be accompanied by a person for the ostensible purpose of making an inventory of the property. The officer was generally supplied with plenteous greenbacks, whose magical influence made him deaf, dumb and blind.

In one of these establishments, whose owners were refractory and refused to respond to the officer's expectations of hush-money, a watchman was installed to take charge of the property. The custodian locked himself in a room and shortly afterwards several persons knocked at the door and demanded admission,

which was refused. The proprietor of the establishment requested permission to enter to get his coat, and when the door was opened to admit him a crowd of desperate employés rushed in and commenced an attack on the watchman. Being unarmed the watchman was forced to accept an invitation, more forcible than hospitable, to go to a neighboring bar-room and take a drink. No sooner had he locked the door and proceeded on his bibulous way than ready hands began to strip the establishment and carry off all the movables. Trucks were procured and loaded with barrels of whiskey which were hastened away to the secret depositories; five hundred bushels of grain and meal were likewise removed before the watchman could return from his home whither he went to obtain a revolver. The actors in the affair escaped arrest, although a reward was offered for their apprehension.

The contraband distiller generally organizes a body-guard of picked men to defend his premises from invasion by the Revenue Officers. The members of this corps are selected from the adherents of some neighboring engine company, and in its ranks are enrolled bruisers, thieves, pimps, gamblers, bummers, coppers, burglars, assassins, thugs, and other outlaws. This legion of desperadoes is bound together by the cohesive power of crime, and by a community of interest in plundering and outraging the community. They are the terror of the vicinity, and as a recreation they maul quiet and inoffensive citizens with billies, black-jacks, and dimpsies, appropriate other people's property, extort money from keepers of brothels and

courtezans, whom they intimidate with threats of violence; set fire to buildings for the purpose of calling out the fire companies and creating a fireman's fight between rival parties; break into the dwellings of wealthy persons in the night time and steal money, jewelry, plate and other valuables, and occasionally they cut, stab and shoot each other, or strangers, with the same gusto and as little compunction as they would imbibe a glass of whiskey, or smoke a cigar to give them a pleasurable sensation and grateful exhilaration.

During the war these ruffians obtained a luxurious livelihood by bounty-jumping, which proved a lucrative avocation, by reason of the munificent inducements held out to recruits, and by the frequency with which they secured the bounty by deserting the service and enlisting in some other place, which strategem they practiced until they were detected.

Upon the return of peace their occupation as bounty-jumpers vanished, but the fraudulent manufacturer of whiskey gave them congenial employment in plundering the government, and kept them supplied with money to gratify their licentious tastes and brutal instincts.

These miscreants were pliant tools in the hands of the contrabandist, to smuggle away illicit whiskey, to guard their premises from intruders, to act as spies on the movement of Revenue Officers and give timely warning of threatened danger; to pound and pummel the Revenue Detectives who became offensively inquisitive, and even to assassinate a government

official, whose boldness, sagacity, keenness and fidelity jeopardized the continuance of their employer's business, and menaced them with the confiscation and loss of their property.

A prominent leader of these desperadoes in the city of Philadelphia, was one Jimmy Haggerty, who had done the State some service by making shoes in the Eastern Penitentiary, in which he was incarcerated for burglary and from which he was released on a conditional pardon by a time-serving, facile Governor.

Whenever any deed of fierce desperation was required to be perpetrated by the Whiskey Ring, Jimmy Haggerty had the honor of their choice, because they knew him to be bold to audacity, unfeeling even to cruelty, reticent as an oyster, faithful to his employers, active as a cat, muscular as a bull, and crafty as a serpent. Such a desperado was invaluable to the contrabandists in emergency and danger, and they liberally furnished him with money, caressed him with honeyed words, courted his society, and gave him succor and support when he became entangled in the meshes of the law.

Jimmy Haggerty was the especial guardian and protector of a certain Jewish firm, who established a distillery of extensive proportion for the fabrication of contraband whiskey. His gang were always ready to aid the firm in securing surreptitiously abundant supplies of grain, and to run off the whiskey to secure and inaccessible coverts, and whenever the Revenue Officers threatened to be troublesome, the gang exerted its political influence with such marked

success as to quiet the officious functionary, or retire him into the shades of private life.

When this establishment commenced operations the neighbors were inquisitive and threatened danger by their open denunciations of the fraud; the simple-minded, unsophisticated creatures had not yet learned the doctrine, that it is a virtue to cheat the government, a noble sentiment that is becoming familiar to the American people. The wily proprietors, however, understood human nature, and undertook to conciliate the malcontents. With this intent they permitted the swill or refuse of the mash to run through the side-yard, in order that the neighbors might collect it and use it as food for their swine or cattle, provided they would come for it with their carts during the absence of the Revenue Officers.

By allowing the neighbors this perquisite obtained in a stealthy manner, and accustoming them to shun and deceive the Revenue Officers, the contrabandists habituated them to the practice of fraud on the government and made them to a certain extent participants in their profits and accomplices in their malfeasance.

This mode of conciliating the vicinage cost the distillers nothing, inasmuch as they would otherwise have disposed of the swill by running it through a sluice into the river. After the manner of Æsop we can derive this moral from the story of the contrabandists and their neighbors: that the swinish multitude can be cheaply purchased, and that swill is more potential than conscience. On one occasion the gang carried

three barrels of the contraband whiskey to the store of a German, on Front street, but he refused to receive it, for the reason that counterfeit stamps were placed on the barrels and although he would willingly have accepted the whiskey if the barrels bore no marks, yet he shrunk from connecting himself with the counterfeiting business. The German's refusal to receive the whiskey caused a wordy wrangle which culminated in blows, and the Teuton's visage was sadly marred in the encounter. Some of the assailants were arrested by the Municipal Police, but the German refused to prosecute them for fear that his antecedents might be disclosed and his misdeeds punished.

On the night of this occurrence Haggerty, at the head of his crowd, met the officers who had made the arrests and denounced them with virulent vituperation; he charged them with being officious and superserviceable in meddling with matters that did not concern them, and threatened to blow off their heads if they should again arrest any of his associates. One of the officers being a resolute man and taking umbrage at this abuse which he justly resented, commanded the crowd to disperse or he would arrest them, whereupon one of the desperadoes, who had recently been released from the station-house, sprung upon the officer with the fury of a tiger and stabbed him severely in the hip, inflicting a wound which, though grave, did not fortunately prove mortal.

The final career of Jimmy Haggerty in Philadelphia, was both tragic and comic, and blended in a singular union, consummate heroism and lawless desperation;

the strategy of this outlaw to defeat justice indicated an ability to plan and a power to execute, which in a military commander would have eventuated in a brilliant campaign against the enemy.

Having been arrested on the charge of assault with intent to kill a police officer and other grave accusations, Haggerty was committed to Moyamensing Prison to await his trial on the indictments which had been found against him by the Grand Jury. Two terms of the court having elapsed without Haggerty being brought to trial, his counsel moved for his discharge under the two term act, but the District Attorney discomfitted Haggerty and his friends by a counter-motion requesting the court to recommit Haggerty to the Eastern Penitentiary to serve out the balance of his original term of imprisonment on the ground that he had violated the condition on which his pardon was granted by returning to the State after his release. Both motions were elaborately argued before the court, and the Judge held the matter under advisement. The Judge investigated the points made by the respective counsel and carefully prepared an opinion, which it was reported would sustain the position of the District Attorney and remand Haggerty to prison for the unexpired term of nine years. Accordingly an order was issued to the prison-keeper to have Haggerty in court on Saturday, the twenty-third day of October, 1869, when the Judge would deliver his decision in the case. About half-past twelve o'clock on the day appointed the Prison van with Haggerty as its occupant, was driven up from Moyamensing





Prison to the side entrance of the old Court House, in the avenue separating that building from the District Court Room.

It was raining hard at the time. Quite a crowd of suspicious-looking fellows had congregated in the avenue, but it was not imagined that they were planning to aid in Haggerty's escape. The van door was opened and Keeper Clifton and Tipstaff Thomas started in with their precious charge.

Just as they were stepping upon the threshold of the hall of justice, Haggerty sprang into the crowd, composed of his friends, and they assisted him in making his way into Chestnut street by poking umbrellas into the faces of the officers who were chasing the fugitive, and commenced a sham fight in order to stop those who were disposed to follow the fleet-footed Jimmy. The latter bounded across Chestnut street, and shot like an arrow through a crowd of men into the bar-room of the American Hotel. Tipstaff Thomas was close after him, but the gang in front of the hotel kept him at bay long enough to allow Haggerty to run down the stairway to the bath-room and thence into Minor street.

He had thus baffled his pursuers, and was free to run the way he pleased.

The plan of escape was preconcerted, for he ran first to Fifth street, and thence to Market, where he leaped into a close carriage which had been waiting his arrival for over two hours.

The hackman was seated on the box of the vehicle with whip and reins in hand, and the moment his

guilty passenger had tumbled in, the horses were put to the top of their speed, and dashed rapidly out Market street to Eleventh, where further traces were lost.

Haggerty's escape was telegraphed the city over, and the Mayor issued orders to station policemen at railroad depots, ferries and wagon roads leading from the city to intercept the fugitive. He likewise ordered the detectives to exercise renewed vigilance, and do their utmost to recapture the criminal. Of course they complied, and the lively way in which they cocked their feet on the tables at the Central Station, and the determined manner in which they puffed their Yaras, showed how earnest they were in their endeavors to comply with his Honor's request.

Shortly after his hegira, Haggerty wrote a letter from Louisville, Kentucky, to his faithful friends in Philadelphia, informing them that he was in excellent health and spirits.

He returns his warmest thanks to "Mully," Fol Deagan, and the boys for their kind assistance, and also to Sam. Josephs for the free pass furnished him. He regrets very much that in his hurry he had not time to call upon Judge Brewster, as he has in his possession a document which he (Haggerty) would have liked to have obtained. He sends his kindest regards to Mr. Perkins, the prison-keeper, and hopes that he will not pine on account of his absence. He gives the following humorous description of his trip:

"Taking a carriage at my late residence for the purpose of driving out to my summer residence, at Cherry

Hill, I thought I would first call at the Court-house and see my friend Cassidy. Whilst there I heard an alarm of fire, and as I had not had a chance to attend any fires for a few weeks, I thought I would take a race. I ran through the avenue into Chestnut street, expecting to meet the carriage (Moya.) there, which I did not; but looking across the street, I saw a lot of my friends standing around the American Hotel. Judging, as a matter of course, that the fire was there, I immediately rushed in, and rushed down into the bath-room, for I had always heard it said that the lower down one was in such cases the less danger there was. I then ran into Minor street, up to Fifth street, and thence to Market, where I fell fainting into a carriage. After that I knew nothing until I met my friend Riddell at the depot, with a lunch, consisting of hash, smeer-kase and Bologna sausage. After partaking thereof I took the swift sure line for Pittsburg, where I arrived safe and sound, and then pursued my journey on a raft to this place." He says he does not expect to be present at the Moya's ball, as business engagements will prevent.

He proposes to establish a fund for the release of Mara and Dougherty, as the "company" never yet allowed any of the "boys" to suffer for anything. He states that he has a strong notion of employing "Piggy Devine" to put a head on a certain "brass-mouthed reporter." Enclosed in the letter was a pencil-drawing of a medal which he intends having struck and presented to the authorities in commemoration of his escape.

As soon as the detectives heard that a letter had been received from Haggerty, dated at Louisville, they started off to look for him in Montreal. Another delegation thought this letter conclusive proof that he is concealed at Eleventh and Sansom streets.

On the Monday following Haggerty's exodus, Judge Allison commenced an investigation into the cause and manner of his escape.

Tipstaff Thomas testified to the flight of Haggerty and to his entering the American Hotel; Mr. Thomas followed after Jimmy and asked the cashier of the establishment if he had seen the fugitive, but was told that he had not been seen; he came on Chestnut street, but afterwards returned, and with the proprietor, examined the building; there were about fifty persons in front of the American; the crowd opened for him, but closed against witness; the crowd pretending to be fighting and shoving the umbrellas.

M. Egbert testified that he saw what was represented to be Haggerty get into a buggy in front of 503 Market street; in the morning heard the boys in front discussing the fact that there had been a buggy standing there all the morning; the despatcher complained that the driver would not move; suggested that a policeman be sent for; while discussing the matter a gentleman came up and got in, and the driver whipped up his horses, and when he got to Sixth street he drove rapidly; some of the boys followed to Tenth and Arch streets; suspected that there was something wrong from the anxiety of the driver; think the driver had sandy hair and a moustache, and looked as if he

was pock-marked; think he was about twenty-eight or thirty; the man who got into the wagon was heavy built, smooth face, light pants, white cravat, and black moustache.

Mr. Erichson testified to seeing the van draw up and a man running; as soon as he reached the pavement of the American there seemed to be a passageway made for him, and a fight was got up, as it seemed, to prevent pursuit; there were about fifty persons in that crowd, which had been there from about nine o'clock; saw umbrellas used and hands thrown up; there was striking, and a great many were without hats afterwards; did not see the man go into the American House, as he was lost in the crowd.

Henry Dechert testified that he was coming out of the side door of the District Court when the van drove up; a very considerable crowd was following; stood until the van stopped; noticed a shout, and simultaneously with that some one ran away; next saw some one, think it was officer Thomas, following and pursuing the man; he was followed by the great mass of the crowd; passed to the front and stood there, and by this time Haggerty must have got into the middle of the crowd in front of the American; saw the pretended fight in front of the American.

Wm. B. Mann testified that he was up stairs in the court-room, and in the middle of the day was startled by the cry of fire, as if from a dozen voices; in twenty minutes Mr. Thomas came into court, very pale, and his face in a profuse state of perspiration, and in a

state of physical prostration; he seemed to be worn down.

James McClain testified.—On Saturday, between twelve and one o'clock, noticed a man running through the basement of the American; he said nothing, but ran fast; think he had on a gray coat and pantaloons of the same; did not take much notice of him; there is an easy way outside through the basement; there is a door always open.

Thomas Price testified that he saw two men come out of the back of the American, on Minor street; one was Haggerty; he was dressed in a blue coat and Grecian bend hat; don't know the other; he went towards Fifth street, the other man telling him to take his time; the other man went towards Sixth street.

Mr. Garretson testified that he saw Haggerty get out of the van and run away; saw Mr. Thomas running after him; Haggerty fell or crept under the wagon in front of the hotel; there was a great struggle in front of the hotel, but no fight.

Mr. Thomas stating that there were witnesses who could identify the parties in the crowd, the Judge postponed the further hearing until the next day, when prison-keeper Clifton, in whose charge Haggerty was at the time he gave him the slip, was the first to testify. He stated that in the crowd he noticed James Whitmore, who is better known as Mysterious Jimmy.

This individual has frequently figured in the criminal annals of Philadelphia.

Day watchman Charles Allbright, of the County Prison, stated that a man by the name of Mullin and

another man visited the prison last Friday to interview Haggerty. The keeper accompanied the two to the cell where he was. Mr. Albright then went on to say that he rode up in the van which brought Haggerty to Fifth and Chestnut streets, last Saturday. On reaching the court house, Jimmy desired to get out first, but was induced to come out second.

The moment Haggerty planted his feet on the steps of the van, he gave a spring and flew away. Tipstaff Thomas ran after him, so did Albright. They followed Jimmy to the front of the American Hotel. Here a crowd was collected, evidently a part and parcel of the "Forty Thieves." They opened "Sesame," and the dashing Haggerty disappeared. Mr. Albright had a pocket full of money, and being anxious to keep it, he kept out of the crowd; at least, one of the party kept him out by throttling him and shoving him back. The same Mullin who visited the prison made his appearance at Fifth and Chestnut streets soon after Haggerty escaped.

Detective Charles Miller stated that his attention was attracted to a crowd collected in front of the American Hotel, and seeing Tipstaff Thomas struggling with the gang; he ran to separate the combatants; Mr. Miller succeeded; Haggerty had reached Minor street by that time; Mr. Miller then inquired the why and wherefore of the trouble, and on finding that Haggerty had skedaddled, he hastened to his Honor's office and laid the matter before the Mayor, who was greatly agitated thereat. After this Mr. Miller looked around for the escaped.

In the crowd in front of the American Mr. Miller noticed the following distinguished citizens: Curley Harris, Joe Burns, Harry Farmer, Skinny, one Donnelly, and a host of others whom he knows well by sight, but not by name.

James Steele testified to seeing Dutchy Ahern fifteen minutes before Haggerty escaped, near the American Hotel.

Washington Bartholomew testified to having seen Slim Jim, Tom Drain, Dutch Ahern, Harry Farmer, P. Lutz and John McCune in the crowd.

The same witness went on to say that previous to the escape of Haggerty, he noticed on Chestnut street, near the American Hotel, some twelve or fifteen pick-pockets and thieves. Asking a person what was the matter, the person replied that this was the Whiskey Ring, pointing first to one and then another who are in the whiskey business; subsequently heard that Haggerty had escaped.

George W. Locke, a prisoner in the van with Haggerty, stated that the latter wanted to know what he was in for. The question was properly answered. The conversation here ended. As Haggerty was getting out of the van he gave a spring, throwing out his arms, and ran. The crowd closed in behind him. At least one hundred persons were in the crowd, and they closed up so solidly that it was questionable whether a person could get through to follow Haggerty without great trouble.

Joseph P. Galton, assistant clerk of the Quarter Sessions, testified that he had an order from Judge

Brewster to have Haggerty at the old court-house, last Saturday, at 11 A. M., and instructed Tipstaff Thomas to have Haggerty there at that time. The presence of the van is thus accounted for.

Judge Allison ordered warrants to be issued for the arrest of the parties who had been recognized by the officers in the crowd, and who assisted in the escape of Haggerty.

Upon the opening of the court on the following day the officers of the court brought before Judge Allison John McKeown, one of the men identified by Washington Bartholomew as being in the crowd at the front of the American Hotel when Haggerty escaped on Saturday last.

Mr. Bartholomew was sworn, and testified that he did not see McKeown until after the fight in front of the hotel was over, and that he did not see him do anything.

Detective Miller sworn.—I did not see McKeown in the crowd in front of the American, on Saturday; McKeown was not in the crowd in front of the door.

Judge Allison said that, under the present state of affairs he did not think he was justified in holding Mr. McKeown.

Mr. McKeown then said that he did not have anything to do with the rescue; that he did not know Haggerty; and as to being on Chestnut street, that was his daily custom, as was well known to the officers.

Mr. McKeown was then discharged.

At three o'clock, Henry Farmer, one of the persons identified by Detective Miller, was brought into court.

Detective Charles Miller sworn.—I was there when the fuss was, and noticed Mr. Farmer standing on the steps; did not see him doing anything.

Henry Farmer said he came down Chestnut street on Saturday morning to buy some poultry for Sunday's dinner; met Mr. Josephs, and he asked me to take a drink; I told him I was not drinking; he then asked me to have a cigar, which I did; I then commenced to walk home, and when I reached Fifth and Chestnut streets I heard a noise up the street, and turning around I saw the fight, but I did not know who they were fighting.

Detective Miller. That is where I saw him standing.

Judge Allison. Did you see Farmer take any part either in aiding, encouraging, or abetting the men who cut off the pursuit of Haggerty?

A. I do not remember seeing Mr. Farmer doing anything; I saw him there only.

Q. Did you hear him say anything?

A. No, sir.

Q. The evidence is that parties took their hats off, waved them, and put up their umbrellas and fought; did you see Mr. Farmer participate in that?

A. No, sir.

Q. I want to know exactly what your observations were, and what they amounted to?

A. All I remember was seeing Mr. Farmer there

somewhere about the place; he did not appear to have been in the fight.

Q. You say he did not appear to take any part in the fight, either aiding or abetting the parties named?

A. I don't know whether he had been doing that or not.

Q. Well, did you see him?

A. No, sir, I did not see him do anything.

Judge Allison. Well, Mr. Farmer, you can go.

Of course no disclosures were educed from the legal investigation to criminate any of the participants in the rescue of Haggerty from the clutches of the officers. The traditional honor, reputed to prevail among thieves, produces an infrangible fidelity which causes the rough members of society to adhere tenaciously to their comrades who have unfortunately come under the ban of the law. If a burglar, bruiser, pimp, gambler, cut-throat, forger, ballot-box stuffer or other outlaw be arrested on a criminal charge his confederates secure his release on bail, whatever be the amount of security required, provided his offence be aailable one. If bail be refused and the accused be committed to prison to await trial, his confederates are constant in their visits to him and cheer his solitude and dispel his fears by assuring him that he will be acquitted, and buoying up his spirits with hopeful anticipations of liberty. They provide him with luxurious meals, for they could not endure that their friend and ally should be subjected to the rough fare of the jail. They retain the most eminent and astute counsel to defend their associate, and liberally expend their money and devote

their time to the preparation of a successful defence. Plastic witnesses are suborned to prove an alibi, a species of defence of which they are as much enamored as the Elder Weller. A lucid, coherent and apparently truthful statement is devised, elaborated and written out, demonstrating the utter impossibility that the accused could have committed the crime laid to his charge, inasmuch as at the time when the unlawful deed was committed he was far away from the scene of action, enjoying an innocent game of euchre, poker or billiards, with a select party of boon companions, or was attending a political caucus, or was sleeping the sweet sleep of innocence in his own home.

The alibi witnesses are carefully instructed in their respective roles, which they commit to memory and glibly recite to the judge and jury.

If the "twelve good men and true," disbelieve the testimony and convict the culprit, his counsel immediately moves for a new trial and files multitudinous reasons for setting aside the verdict. If the motion for a new trial be overruled and the criminal be sentenced to imprisonment, the Governor is besieged with earnest supplications for his pardon, and personal and political influence are brought to bear to secure his release. In too many cases these efforts are successful, and the convicted felon is turned loose on the community to pursue a renewed career of rapine, fraud and crime. Only in desperate cases and under pressing urgency, is an attempt made to forcibly rescue the convict from the custody of the officers.

The super-eminent merits of Haggerty as a leader

- of the rough, and a facile tool for the Whiskey Ring in executing to order such jobs of shooting, cutting and pounding as they might require to remove inquisitive officers and silence spies and informers, made his services invaluable and essential, and his enforced seclusion within the gloomy precincts of the Eastern Penitentiary could not be permitted. Hence a plan was matured for his escape which for brilliant strategy would have added lustre to Sherman or Sheridan. Desperadoes were imported from New York and Baltimore to act as skirmishers and cover his retreat, for it was not deemed prudent to employ local ruffians who were well known to the police and would be recognized if they aided and abetted the escapade. The campaign, thus skilfully planned, was brilliantly carried out. Jimmy Haggerty made his exit from the City of Brotherly Love with the plaudits of his admirers and the astonishment of the community; and the bar-rooms and bagnios that knew him shall know him now no more forever.

"True patriot he, for be it understood
He left his country for his country's good."

CHAPTER IX.

AN AMBITIOUS PUBLICAN AND HIS MODEL ESTABLISHMENT.

IN the lowest purlieus of a northern city there flourished a vile rookery, which was frequented by the most dissolute and abandoned characters, male and female, black and white, young and old, who luxuriated in the liquid damnation dispensed by the publican at two pennies a glass. The proprietor, being a man of lofty aspirations, was not satisfied with his contracted sphere of operations, but determined to become a manufacturer and forsake the picayune retail traffic. He accordingly selected a site for his projected distillery in the most squalid and loathsome part of the infected district, which was peculiarly adapted for his illicit enterprise.

He selected his employés from the criminals, desperadoes and outlaws who had formerly been his customers, and by giving them plenty of whiskey and a little money he made them his devoted adherents, ready to aid him in stealthily procuring materials, smuggling away the contraband whiskey, acting as spies on the Government Officers and quieting or despatching troublesome intruders or officious intermeddlers.

The new-fledged distiller was a man of agreeable address and managed to insinuate himself into the good

graces of the Revenue Officers, who regarded him as a liberal, pleasant fellow, always ready to entertain them hospitably and to loan them money whenever they required it. He had moreover complied with the law so far as to take out a license for his establishment, and hence the officers had no hesitation in associating with him. His distillery was arranged with special regard to the successful prosecution of his nefarious business and the extensive and covert perpetration of fraud on the revenue.

His complicated system of pipes, and his deceptive vats and fermenting-tubs, with false bottoms, effectually prevented the officers who inspected the premises from ascertaining what quantity of whiskey was produced.

To accommodate his business, which had rapidly increased, several cellars in the neighborhood were rented for the storage of his contraband products while awaiting sale and removal, and he likewise occupied adjacent shops and yards for the deposit of his whiskey whenever it became unsafe to transport it to the storage-cellars, in consequence of the presence of suspicious persons who might scrutinize its character and thus create difficulty.

His undertaking prospered beyond expectation, and he found it necessary to enlarge his distillery and introduce all the modern improvements. His storage capacity was augmented; additional facilities were provided for hauling in grain and disposing of it in large quantities with expedition and quietness, and pipes of larger dimensions were furnished for the eduction of the swill into the culvert, and all the other

fixtures, appliances and appurtenances were improved and increased in like proportions.

It became necessary to purchase tavern properties in other and remote sections of the city, inasmuch as the attention of the Revenue Officers had been attracted to the cellars and shops to which the whiskey was so frequently taken, and in which such large quantities were stored. More than a dozen buildings were thus secured and fitted up as bar-rooms, and placed in charge of such employés as had proved themselves capable, reticent, willing, energetic and trustworthy. These improvised tavern-keepers were supplied with the requisite capital to carry on their business, and furnished with liquor for sale to their customers.

The cellars, however, were retained by their employer and used for the storage of his own whiskey which might be conveyed thither at any time, by day or night. With this system of depositories located in different parts of the city and remote from each other, there was little risk in removing the whiskey from the distillery to its place of destination. Vigilant scouts were always present to direct the driver to the place where it would be safest to deposit his load.

The vacancies at the distillery, caused by the promotion of trusty employés to the situations of tavern-keepers were supplied by choice spirits selected from the neighboring ruffians, and in course of time nearly all the male denizens of the vicinity became directly or indirectly interested in the success of the distillery which had assumed the magnitude and importance of a public institution.

The Assessor or his Assistant visited the distillery tri-monthly to obtain the returns of the whiskey manufactured. The Collector or his Deputy called at stated times, and Detectives, appointed by the Secretary of the Treasury, were required to daily visit all the distilleries in their respective districts and to take a correct account of the number of bushels of grain and other materials on hand, the quantity of whiskey made during the preceding twenty-four hours, and the quantity of mash undergoing distillation.

The authorities believed that by comparing these daily accounts with the records at Washington, transcribed from the Assessor's tri-monthly returns, they would be enabled to discover whether the business was being conducted in a legal manner and that the discrepancy between the several independent statements would disclose any malpractices that might be carried on.

This plan, however good in theory, was not effective in practice, for it happened that a particular set of officers were appointed to visit certain distilleries and took turn in visiting each daily. They made their returns from the distiller's book, which was always courteously exhibited to any authorized person.

It was a hazardous undertaking for an officer to personally inspect the premises. In passing among the fermenting tubs, which were invariably placed in the darkest and most inaccessible parts of the building, the officer would be precipitated into a pit or sunken hogshead filled with water or some other liquid, and which had purposely been left uncovered for the

immersion of intruders. Sometimes a joist or plank, or long heavy trough used for running mash from one tub to another, would be left suspended on the edge of a tub or other elevation, like Damocles' sword, ready to fall on the head of the trespasser, to remind him that his visits were not welcome, nor his company agreeable. If the pit-falls and head-crushers failed to dislodge the enemy and force him to retreat, a fierce blood-hound was set upon him, and with savage growls and gnashing teeth would spring at his throat, and threaten to rend him limb from limb. If the officer succeeded in shooting his canine assailant or escaped from his fangs, the valves of the boiler were opened and a volume of hot air rushed out and filled the apartment, and the officer would finally be compelled to succumb and evacuate the premises, or be scalded to death. Occasionally a sham fight would be waged by the employé's, blows would be freely dealt and promiscuously showered on all present, but the officer would receive the largest share and the severest knocks; the distiller or agent, who accompanied the inquisitive official, would remonstrate with the seemingly infuriated crowd and command them to stop the brawl, but his manner encouraged them to proceed and redouble their assaults on the unfortunate functionary. In the melee the officer would be either knocked on the head and prostrated to the ground, or thrown into a pit, tub or vat, or otherwise injured, and the combatants, to give an appearance of earnestness and reality to their simulated hostilities, would bruise and batter each

other until they were besmeared with blood and their countenances disfigured.

The maltreated officer generally makes no formal complaint of his ill-usage, as his wounds are healed with a soothing embrocation of greenbacks; legal tender notes are applied as an anodyne to his lacerated feelings, and a plethoric purse serves as an opiate to induce lethargy and beget oblivion of the indignities, persecutions and sufferings to which he was subjected.

After one of these attacks on a Revenue Officer matters are speedily arranged to correspond with the latest official return. To effect this purpose a few tubs of beer or fermented mash are run off into the sewer and the establishment is put in order for the second visit of the expelled official, in case he ventures to repeat his examination.

In the meantime the officers, who act as the special guardians of the concern, are apprised of the status of affairs, and by their united and interested efforts they succeed in hushing up the little unpleasantness and glossing over the misunderstanding.

With the extension of business, the growing complication of their fraudulent schemes and carelessness, generated of success and impunity, the law-breaking gang became openly defiant, threw off their secrecy, and boasted of their operations, gains and powers. Their audacious conduct excited the suspicion of a Revenue Officer belonging to another district, who determined to unravel the mystery and ascertain the actual condition of affairs. He accordingly employed a trusty person to watch the proceedings of the sus-

pected parties and rented a room overlooking the distillery. Personating a dilapidated scissors-grinder, the officer's assistant occupied his observatory for an entire month before he succeeded in making a point. He was compelled to be extremely circumspect lest his movements should create suspicion and thwart his plan of operations. His patient watching was at last rewarded, with the discovery that more barrels of whiskey were removed from the distillery than were accounted for by the collector's, assessor's or gauger's report; this information was communicated to the proper authorities, who forthwith instituted an investigation into the management of the distillery. Confidential agents were instructed to watch the premises, but they were stationed at such a distance from the scene of operations as to render it difficult for them to obtain much knowledge of the proceedings within the enclosure.

The proprietor was promptly informed of the actions of the authorities by the Detective Officers whom he had subsidized; hence, matters suddenly became quiet; business was partially suspended; little or no grain, or other material, was carried into the establishment, and the air of secrecy that had pervaded the works was dissipated, and the broadest publicity was given to their operations. The nocturnal smuggling of whiskey to secret receptacles was abandoned, and the distillery wore the aspect of a regular, legitimate, licensed establishment. The only suspicious feature that still remained was disclosed by the

troops of "bummers" that frequented the premises, and were regaled with gratuitous libations of whiskey.

The disclosures previously made warranted the seizure of a large quantity which was deposited in the cellar of a neighboring store, and a squad of detectives was detailed to take possession of it. When the officers attempted to enter the store and remove the contraband article, a crowd of ruffians, male and female, speedily congregated and attacked the officers with such ferocity as to compel them to retire and leave the precious fluid behind.

The officers then repaired to the distillery and undertook to gain admission to the premises. They requested the watchman in charge to give them the key of the establishment, but he peremptorily refused, and was inexorable to the threats and entreaties which they lavished upon him. He protested earnestly against the attempted seizure of the property, asserted that all the proceedings in the prosecution of the distilling business had been conducted with strict legality and integrity, and finally offered the officers a large sum of money if they would postpone their visit until the next morning. The officers, however, turned a deaf ear to his appeals, and expressed their determination to enter the premises even if they were compelled to break the lock. Upon attempting to make a forcible entry they were attacked by the desperate gang that had followed them from the scene of their former defeat, and informed, in emphatic language, that the first blow on the lock would be their death-knell, and that not one of the party would

leave the place alive. To give intensity to their language, they exhibited to the officers the pistols, knives, billies and black-jacks, with which they bristled, and which it would give them pleasure to use on the hated tax-gatherers.

Awed by these menaces, and fully appreciating the desperate nature of their blood-thirsty antagonists, the officers prudently withdrew to obtain a reinforcement, leaving a few resolute men to watch the establishment. The situation of these custodians was, by no means, agreeable. Bands of desperadoes patrolled the streets, some of whom, feigning to be drunk, would turn suddenly and run against the watchmen, from whom they solicited pennies. The agility of the officers in jumping away from these murderous wretches, saved them from being stabbed, as was intended. Every conceivable trick, stratagem and effort, were practiced by these miscreants, male and female, to oust the watchmen and drive them away from the vicinity of the distillery, but their exertions failed to succeed, and the watchmen continued on duty until midnight, when the crowd, bidding defiance to the law, entered the premises, rolled out the whiskey, and conveyed it, as they supposed, to places of safety. Each wagon, however, was followed, and the places noted where the whiskey was unloaded, and on the next day the whole of it was seized and confiscated, and the distillery was taken possession of by the Revenue authorities, who sent a sufficient force to overawe the outlaws and seize the property.

CHAPTER X.

OFFICIAL MALFEASANCE.

THE demoralizing effects of party politics have contaminated every branch of the public service. Men are appointed to office by reason of their ability to control political conventions or to initiate and accomplish successful intrigues. Merit, patriotism, intelligence and honesty are not deemed requisite to political preferment, and men of high character shrink from the tortuous acts, the impudent assumption, the base arts and knavish devices which contribute to the success of the professional partizan.

Members of Congress secure the appointment to office of men skilled in the science of fraud, chicanery and craft; the buffer, that brawls for his candidate in bar-rooms, and batters the head of his political opponent, must be provided with a sinecure at the public expense; the shallow-pated haranguer, who blusters on the stump and enlightens his fellow-citizens as to their civil duties in coarse language and crude, whiskey-begotten expressions, is elevated to the position of collector or assessor; the loyal patriot, who enlisted in the army for an officer's commission and an officer's pay, and who skulked away from every battle but regularly appeared at every pay-day, has such paramount claims on the government patronage that the republic could not

ignore them without being more ungrateful than republics are reputed to be.

As a natural result, these creatures can not resist the temptations to plunder and defraud the government which beset their official position; they connive at violations of law if thereby they can put money in their purse; they confederate with outlaws and speculators in schemes of public plunder and share in their nefarious profits; they persecute and harrass honest and incorruptible men to drive them out of their legitimate business in order that their accomplices may have the entire field to themselves and enrich themselves with spoils and booty.

Occasionally some dishonest official, more impudent or less crafty than his confederates, falls under the ban of the authorities and is criminally prosecuted, and the community is appalled at the fraud, corruption and malpractices which his trial develops. As a leading case of official malfeasance we select the prosecution of one Benjamin F. Moret, formerly Assistant Assessor at Reading, Pennsylvania, under George W. Alexander, who had himself been previously brought to trial, conviction and punishment for similar malfeasance in office.

Moret was arraigned before the United States District Court in the city of Philadelphia, on the ninth day of December, 1869.

The Assistant District Attorney, in his opening to the jury, stated that the defendant was charged with three different counts: First, with removing distilled spirits; second, with aiding and abetting in the removal of

distilled spirits, and third, in aiding in the concealment of distilled spirits, which had been removed otherwise than into a bonded warehouse.

It was alleged that Moret had entered into an agreement with certain distillers, and that he had allowed and permitted, and aided and abetted in the removal of distilled spirits from their distilleries.

David C. Keller, sworn.—I am a resident of Reading; was a distiller in March, 1868, at Exeter station, six miles below Reading; I know the defendant; knew him at that time; he was then the Assistant Assessor for the Eighth District; I had no liquor store; I had a rectifying establishment close by the distillery; it was about six hundred feet from the distillery; I lived at Exeter station at that time; I moved to Reading in June; did not have a liquor store then; I lived back of Mr. Yoder's liquor store; he is my brother-in-law; it was at 635 Penn street; Moret and I had a conversation at Barto's liquor store; we talked the matter over, that is Moret, myself, and Groff, another Assistant Assessor, and George W. Alexander, as to whether anything could be made out of the distillery; at the Smucker House we had a talk; we had a conversation about running the distillery and not report all to the Government; they said my place was too small, and it was useless to try and do it there; I told them I had a talk with Barto, another distiller, and he felt about the same as I did, and if something could be made I should like to make it; they said Barto was a dangerous man, they had had trouble with him before; I said Barto was all right; we then went into Barto's liquor

store and the arrangement was made; that was at night in March, '68; it was ten o'clock or later; I met Moret and Groff at the American House, and we went to Barto's liquor store; we made an arrangement to run the distilleries to their utmost capacity, and not report to the Government, and what was made they would share; we were all sitting around the stove; Barto said he got into trouble before, and Moret said he would swear as hard to get him out of it as he swore to get him into it; we came to an arrangement to run our distilleries and divide whatever amount we did not return to the Government; we were to pay them thirty cents to the gallon and three gallons to the bushel; one half was to go to the Assessor and the other half was to be divided with Groff and Moret; on that understanding I started to run, I think, on the 9th of April, and stopped on the 20th of May, 1868; during that time on the whiskey I made I paid, according to my contract, to Groff, between four hundred and five hundred dollars; I think it was four hundred and fifty dollars; I paid it before I stopped; I asked Moret if he always got his share; he said, "Yes, he did, he always got his part;" I manufactured considerably more than I reported to the Government; think the mash-tub would run from forty to fifty bushels one mash; we made sometimes two mashes; never made more; cannot tell how much I returned; it was a very small amount; there was an understanding that I should not be qualified to my returns; think I reported ten bushels every other day; I moved up to Reading in June; I conversed there with Moret about the 25th of June; I

was back in the office of Yoder's liquor store ; he came in ; I think I said, " Good morning, Mr. Moret ;" he said he would like to see me in private ; I told him to wait one moment while I went around the back way and unlocked the door ; I did so, and he came into my room ; we sat down close to a register near by ; he said Government officers were about the town ; he cautioned me to stand firm, and not be allowed to be caught in a trap by the officers ; I told him not to fear about me, I should stand firm, and if he would only do likewise and not go back on us ; he said if he should be put on the stand he would swear black and blue from evening until daylight in the morning ; he said he had been to see " the Colonel" and he was very much alarmed ; he was afraid I would go back on him ; I think he said he didn't fear Barto if I was only all right ; there was considerable more spoken but I cannot recollect more ; Brooks was there at that time down in the cellar on a box ; he had a store-box and a chair in the cellar ; I put it there ; if a person sat on that chair with his ear to the pipe he could hear the conversation up stairs ; I have tested that ; Brooks went down into the cellar before the conversation commenced ; I had been to Washington three or four days before this conversation ; Moret made complaint to me that Lavens and other distillers would not pay the full amount, but he told me that Lavens subsequently paid the thirty cents to the gallon ; after the issuing of the warrant I never got to see Moret ; this conversation was about the 25th of June, and I did not see him after that until I saw him on the witness stand

about a year ago; he boarded at the American Hotel; he did not remain in Reading after that time.

The cross-examination of Keller was postponed.

William Y. Lyon, sworn.—Am a detective officer for the city of Reading; a warrant for the arrest of Moret was placed in my hands in the month of June, 1868; I accompanied Detective Gordon to Pottsville; Moret was not then in town; I think I saw him in Reading three or four days before I knew anything of the warrant; I knew Moret; I did not see Moret until after Alexander's trial; to my knowledge he was not in Reading up to that time; I heard he was in Pottsville, and went there with Gordon to his wife's aunt's, between eleven and twelve o'clock at night, and could not find him; I ascertained a week or ten days after this time, at Reading, that he was at Manheim, Lancaster county; I went there and couldn't find him; I had charge of the warrant from the middle of June until the 2d of July.

Cross-examined.—Had a warrant for Groff and Moret; Mr. Gordon brought it up; either he or Mr. Brooks handed it to me; I went to the American Hotel in Reading, and to his father-in-law's house, in search of him; I watched around day and night until ten or eleven o'clock p. m., and some nights later; I didn't call at his father's, I only called at the American; I went to his sister's, in Pottsville; then came home, and after ten days I went to Manheim; I then returned to Reading; I think I gave up the warrant about the middle of July; I then attended to other

business; a few days after the trial I saw him in Reading; Manheim is about twenty-two miles from Reading, on the Reading and Columbia road, and Moret's brother keeps a public house, and a good one, too.

David C. Keller, who was examined by the Government on Thursday, was cross-examined at the opening of the court as follows: "I was in the distillery business from the latter part of 1866, at Exeter Station; prior to that I kept a hotel; I was once an Assistant Assessor, at least I was placed in charge of a district; that was in 1866; my superior officer was A. P. Tutton; I was changed about every ten days from Barto's distillery to Buck & Swan's distillery; when I left office I went into the distillery business; have never said that Tutton or Barto had taught me how to defraud the Government; have never said that these men corrupted me; nor that they had contaminated me; I went into distilling while Tutton was in office; he was succeeded by Colonel Alexander; I was then running, and had been running three months; my capacity was twenty-five bushels; I had six fermenting tubs; do not know the dimensions of the tubs; some days I ran my full capacity and some days I didn't; I sometimes returned twenty bushels and sometimes forty bushels; cannot tell how often I returned forty bushels; I think three times a week; I could have made, with my capacity, forty bushels a day; I don't think I could have made fifty bushels a day; I don't know that it was made; my partner conducted that portion of the business; I first made my returns to Samuel Olinger, an Assistant Assessor; some-

times I made them direct to the Assessor; I swore to them; not all of them; never swore to any I made to Olinger, the assistant of Tutton; I was never asked to swear to any of them; I had been an Assistant Assessor and knew they ought to be sworn to, but I was not asked to do so; I knew Mr. Barto; don't think he made his returns to me; I was first appointed Assistant Assessor and then changed to storekeeper; don't know that he [Barto] ever made any returns; I knew Moret before he got to be a government officer; I had a conversation with Moret in a liquor store; I don't know who brought it about; I did not go after Moret for that purpose; the first conversation I ever had with him I introduced the subject; I saw Groff and Moret and they were inducing me to run my distillery; I told them that something might be made out of the district; did not tell them how much they might make, or how it might be made; I offered to arrange to see somebody and see how it could be done; I said I would see Barto, the distiller; I did subsequently see Barto in the presence of Moret and Groff, and made the arrangements; I had talked to Barto before that; my interview with Moret and Groff, was in consequence of what Barto and I had arranged; we had agreed to make a corrupt arrangement by which we were to bribe the Government officers; there was no corruption going on when I was in office; there might have been but I didn't know it; I know Levi Stuff very well; I visit him frequently; I never said to him that the others got me into this, but that Barto and Tutton got more

than I did; never said anything like that; I never sent Sluff to Mr. Hoffman, nor offered him money for that purpose, nor sent a check to Mr. Hoffman; I never did that at any time; I first met Moret and Groff at the Smucker House, which I kept; subsequent to that interview I saw Barto; I had already spoken to Colonel Alexander; that was after the seizure of Barto's whiskey; don't know the time; he told me if it had been my wagon he wouldn't have looked at it, as I had been a soldier; a man like Barto, who hadn't been in the army, he would like to punish; the next interview I had was in March, 1868, in Colonel Alexander's private office; I went there, after a conversation with Barto, of my own accord, to make a "ring;" I there saw Moret and Groff; repeated all to Barto, who consented to it; I met Alexander at Barto's house; Alexander had then caused the seizure of Barto's whiskey; they were then known in Reading as public enemies; notwithstanding that, I say that Alexander went to Barto's house and made a corrupt arrangement with him after ten o'clock at night; with the arrangement they were to have thirty cents to the gallon; the tax was three gallons to the bushel; that was in March; the arrangement was to begin as soon as I could start; I did start on April 9th; my capacity then was increased to seventy-five bushels; I had nine fermenting tubs; I had the tubs in the first floor of the distillery; it is called the cellar; my engine was there also; my cistern-room was in the cellar, where six of the tubs were standing; I cannot tell the size of the cellar; I think the distillery was forty by sixty feet;

the cellar was very nearly of the same dimensions ; my cistern-room was a very small one ; about, perhaps, ten by twelve feet ; perhaps not so large ; I had a receiving cistern there ; some of the whiskey was taken out above ; I did not build it to hold the products of the tubs ; I meant to cheat when I built the cistern ; can't tell dimensions of engine-room ; the boiler and engine took up one-half of the room ; the cistern-room was built in 1866 when I started ; when I began the cistern-room was ten by twelve feet ; in 1868, when this arrangement was made, I changed its size ; I made it smaller ; when I first made my application as a distiller, I didn't know what I returned as my capacity ; when I made the alterations I did not report them to the collector's office ; Dr. Luther was the collector at that time ; on the 25th of June I was at Yoder's liquor store ; I sold whiskey to him at two dollars a gallon for five barrels, in April, 1868 ; it was some of my bonded whiskey ; the tax was two dollars ; I sold more to him in that month ; that was rectified spirits which I bought in Philadelphia ; I bought some from John Lavens ; I don't think I bought from him ; I bought it from John Breslin, of North Front street ; I think I paid him either two dollars and ten cents or two dollars and fifty cents per gallon for twenty odd barrels ; I sold Mr. Yoder twenty barrels ; I was in Washington a short time before June 25th ; I was at the office of the Commissioner of Internal Revenue ; I went there with Mr. Tracy, a government officer ; I had an interview with one of the clerks ; was there one day and returned to Reading ;

Mr. Tutton, I think, had then ceased to be a government officer; I saw Brooks at Yoder's about the 25th of June; have never said before that it was the 24th of June; I might have said so, I always speak doubtfully; did not swear positively that it was the 24th; I lived at Yoder's then; I saw Moret in the forenoon; I had made no arrangements with him that I was to meet him that morning; I first met him in the office; I never said in my prior examination that I met him at the door and he followed me into the office: Moret said he would like to see me privately; I then unlocked the door and he came in; there had been fifty-two barrels of my whiskey seized by Colonel Alexander and the collector; I went and sold that whiskey and gave security in four thousand five hundred dollars; I sold it to John Breslin for one dollar and forty-five cents per gallon; that was in the summer of 1868, after the seizure was made, which was in the latter part of July, 1868; that case is settled with the government; I had my attorney, Mr. George Barclay, of Reading; I mean by settled I paid the tax and all costs; I don't know how much the amount was; I think I paid sixty cents tax; I think the amount was about one thousand seven hundred dollars, and the costs, which were over one hundred dollars; I paid the tax to Collector Baird; of the Eighth district; when it was distilled the tax was two dollars per gallon.

Judge Cadwalader here interrupted and said:

I doubt extremely, and I say it so that the public may hear it, whether the officers have any power where a prosecution has commenced to do what they

call "settling it." I am not aware of any legal authority of an officer of the government to do this. I don't say there is not a power which may be abused somewhere, but I mean a rightful exercise of it; nor am I aware of anything that can control the proceedings of this Court, but sometimes such things take place either in the office or elsewhere.

Witness continued.—I paid this money some time ago; it was after I had sworn in the case of Colonel Alexander; it was two or three months ago; the day before I paid it the arrangement was made to settle my case; I was never told before that I could settle it; no officer ever told me it could be settled; no criminal proceedings were instituted against me and Barto; I have never been under arrest; I have never been troubled by the government officers since my return from Washington; Mr. Tracy told me I should not be prosecuted criminally but that I should be paid the tax and all the costs on the whiskey which had been seized; that he told me on our way from Washington; I then left Tracy at Philadelphia, and went home; I saw Tracy the following week at Reading, in Mr. Tutton's house, in presence of Mr. Brooks; it was in the night time, on the night of the 24th of June; I made no statement that evening; did not swear to one that evening; don't recollect whether I made an affidavit to it that night; I swore to a paper that night; I think it was made that evening; Mr. Tracy administered the oath; he mentioned that he would see me protected; think a letter was written from the department to the District Attorney with reference to

my case; I made some returns while distilling; some to the Assessor and some to the Collector; some were sworn to; can't tell how many were sworn to; have made some to Mr. Moret; I recollect of one; did not swear to that; the store-keeper at my distillery was J. G. Holmes; he filled up some of my returns; I filled up the most of them; the returns made are not true; Mr. Holmes was an appointment under Mr. Tutton; out of nine returns I filled up three; I suppose I averaged sixty bushels per day; under the arrangements I paid Mr. Groff four hundred and fifty dollars; the average would be one hundred and eighty gallons per day, making one thousand and eighty gallons per week; but we didn't run every day; we ran perhaps three or four days; I would run sometimes a whole week without making any return; I reported thirty bushels per week, but I made two hundred and forty bushels or seven hundred and twenty gallons per week; that left one thousand two hundred and sixty dollars per week for six weeks, which I was making; at six weeks that made seven thousand five hundred and sixty dollars; Moret and others were to receive thirty cents a gallon on the excess; I only paid Groff four hundred and fifty dollars; I also paid Alexander one thousand dollars in May, 1868; that was in money; I offered him a check, but he wouldn't take it; I had some money in bank, but not one thousand six hundred dollars; all I ever gave to the officers was one thousand four hundred and fifty dollars—one thousand dollars to Alexander, and four hundred and fifty dollars to Groff; under that arrangement one

thousand and seventy-one dollars a week was left to me; no, I never made that much; I kept the difference; I still owe something to the officers.

John C. A. Hoffendietz sworn.—I live in Reading; I am employed by Mishler & Co. in the liquor business; I was in the employ of Barto from the 10th to the 26th of March, 1868; I was in his liquor store; I kept the books; his distillery was on the other side of the Schuylkill, about a thousand feet off from the river; some time during March five barrels of whiskey were brought to the rectifying house; Groff came with them; I think Mr. Moret was there; it was in the afternoon the whiskey was rectified.

Cross-examined.—I made no entry in my rectifier's book of these five barrels of whiskey; that was in accordance with my instructions from Mr. Barto; I at one time kept a liquor store myself; I commenced in 1860 and went out in 1865; at that time Mr. Groff was the Assistant Assessor and Mr. Hemmings the store-keeper; I have not said to any one recently that I knew nothing except what Mr. Barto had told me.

Detective David Gordon sworn.—I was deputy marshal in March, 1868; a warrant for the arrest of Moret, Alexander and Groff, was placed in my hands during that summer; I went to Reading with Mr. Brooks to look after Moret; made no inquiry in Reading, except through Mr. Lyons, and went to Pottsville, and to the house where it was said he lived; I saw his wife; she said he had left home recently, and gone about nine miles; I went back that night, but couldn't

find him; I left the matter rest with Mr. Lyons and came home.

Tobias Barto affirmed.—I was a distiller in Reading in March, 1868, and was sheriff of the county; I live in the same house where I have my store; in the latter part of March, '68, Groff and Keller called at my store in the evening, about ten o'clock, or between nine and ten o'clock; they came in and were seated around the store; I expected them some time, from what Keller had told them; I do not recollect who first spoke of going into the whiskey arrangement; I think it was Groff; he said, "I come by the order of Colonel Alexander;" he said "We want to see what bargain we can make; Keller said, "Well, what will you do?" I got up and said I was afraid to go into such an arrangement; they had talked of thirty cents a gallon; I had said I could not afford to pay anything; and I could not go in; I got up and walked back; Keller got up and followed me, and said, "We thought they would take less, that he thought we could make the arrangement;" I said, "It won't do; I have had troubles with Alexander, and I don't want to get into trouble again;" then Moret replied, "I will swear just as hard for you as I swore against you;" I said I would have nothing to do with it; that was about all the conversation about it; Keller came back again and spoke to me, and spoke about it; the first interview was with Alexander, and before this time; the proposition was to be to still more and report less; there were twenty bushels every other day which were to be distilled; I was not at the distillery in March, 1868; Groff came into

the store in the latter part of April, 1868, and demanded a sum of money of me; he said he had brought fifty barrels of whiskey over to the rectifying house, and that I owed him a sum of money, eighty dollars or eighty-five dollars, I cannot recollect which; I then looked at him and said, "For what?" he said, "I brought you fifty barrels of whiskey over to-day or yesterday;" I was surprised to see him ask, and he said, "If you don't pay I will return it;" he turned and walked towards the door; I called him back; he said if I did not pay he would return it; I was excited and I paid it; I found Moret in May, 1868, at Philip Lavens' distillery; he came up very familiarly and shook hands; he said, "Yes, I am store-keeper here;" I said, "You must be running very heavy here; you have got some new tubs;" he said, "Yes," and laughed; I never saw Moret after the warrant was issued; I have never seen Groff since.

Cross-examined.—I am not now sheriff; time was up a year ago last fall; I ran a distillery and a liquor store during part of the time while I was sheriff; Tutton lived in my house when he was in office; Colonel Alexander succeeded him; he did not live at my house; I saw him when he came back from the war; I did not know Moret until he was appointed at my distillery; he must have been there a considerable time; I was not at my mill or distillery for three months; Sands was there as an agent for me; when the seizure was made Adam Plank and McKenna were employed there; I know I gave security; I knew they were going to seize the rectifying house; I did not

think I was a great enemy of Alexander; Keller said he would see Alexander for me.

The witness then evaded questions, and strayed from the subject, making it necessary for Judge Cadwalader to say that unless he answered the questions put to him by Mr. Cassidy he would have to commit him for contempt.

The witness continued:—Alexander said, “Barto, you have made no money, and I have made no money;” he kept talking about being in the army, etc.; Keller agreed with him; I said I could not tell how much I could mash; I said fifty bushels, and I could make two mashes; we dispersed after a long conversation; I said I was afraid; that night a week afterwards, at Keller’s house, I said this whiskey could not be taken away; he then wanted to know if it could not be hauled; no price was particularly fixed; he said it could be fixed with Moret and Groff; I did not understand any thing about the figure; Keller said he thought he could make an arrangement; I saw Moret and Groff at my store the latter part of March, 1868; we talked of thirty cents per gallon, or fifteen dollars per barrel; I rejected the proposition; I never spoke to Moret afterwards; Keller might have understood that I agreed; Alexander was a bad man; I said he was a bad man, and I wanted to have nothing to do with him; I did not go often to a distillery, or my son either; at the time of seizure, Plank, I think, kept the books; after seizure, Sands kept them; Moret made up the returns; I think they were true; Sands filled them up, and I think he swore to them; I signed the

returns; I looked over them; I stopped running distillery from the 8th of May, 1868, to September, 1869; Alexander sent for me to come to his office after I had given evidence to Tracy and Brooks; Moret was sworn before the assessor; I gave security; I could not say when Moret went away; I went into the distilling business about four years ago; my expenses for it have been about three thousand dollars; saw Tracy and Brooks first about the middle of July, at my house, in the evening; Brooks charged me with being in this fraud which was going on; I made a statement to him the next evening, and I affirmed to it at the Mansion House; I did not go to Washington; I have not been arrested nor prosecuted for this fraud; the first seizure was settled too; I went to Washington about it with the collector and the member of Congress; it was not settled there; cannot say exactly when it was settled; it was arranged some time during the summer when it occurred; I paid the money, but could not recollect when it was; I know what I paid; it was one thousand five hundred dollars for the five barrels of whiskey; Mr. Hawley was my counsel; I do not know that any authority was given for me to come down here and tell the government officers that it was settled; the matter was with my lawyer; there was an assessment made against my place of twenty-eight thousand dollars, and that was settled; Mr. Richards was my lawyer; I do not know who settled it; I paid the government two thousand dollars through Mr. Baird, the collector, on five barrels; I did not pay anything on the assess-

ment, because it was false; I got a receipt from the government; I paid one thousand five hundred dollars for one lot of five barrels, and two thousand dollars for another lot of five barrels; this discharged me from all liability; I suppose I paid the latter amount about a month or two ago; knew it was since these proceedings were commenced; Tutton did not assist me in settling this; I spoke to him about it, and he said I had nothing to do with it; Tutton did not assist Mr. Richards in settling it, I think; Tutton appointed my son as store-keeper; that must have been four years ago; I think he was twenty-one years old then; my son was not stationed at my distillery at any time; he went backwards and forwards occasionally, but not as a government officer that I know of.

Re-examined.—When my son was acting as store-keeper, the assessor's office was, I think, at Mr. Baird's house; it strikes me my son was appointed under Alexander's administration, but I am not sure.

James J. Brooks, sworn.—In March, 1868, I was a special agent in the revenue service. In consequence of instructions received I went to Reading; I did not see any of them at that time; I remained until March 23d and left for Philadelphia and returned, leaving Philadelphia on the 24th of the same month. On my second visit I met Keller at Tutton's house; on the evening of the 24th I went to Keller's house; there was a liquor store in front and an office in the rear of the liquor store, and in the rear of this office is a parlor; then a vestibule and dining-room; I went with Keller for the

purpose of ascertaining if there was a hiding-place, so that I might hear in case any visitors came to his house; the parlor, on account of a register passing below, afforded an opportunity to hear; I found I could hear, very distinctly, any person speaking in an ordinary tone in the parlor above; I made my arrangements with Keller as to what should be done as to a visitor coming; I slept in the house that night; about half-past eight o'clock that morning a gentleman came in; I could see through the key hole; I saw Keller walk ahead of the gentleman from about the middle of the store to the office; Keller said, "Good morning, Mr. Moret," and he replied, "Good morning;" I immediately left my position in the parlor and went into the cellar, and took a position on a chair, which brought my ear very near a pipe. The chair was elevated on a dry goods box; I heard the treading of feet above and presently conversation commenced between Keller and Moret. Moret remarked that "Brooks and a man from Washington were at the Mansion House." This was made within half an hour after the occurrence. Keller replied that "he knew they were, that he had been to see them, but they had got nothing from him." Moret said, "We have always been good friends of yours and you must not go back on us now." He said that "he had seen Barto yesterday, and had a talk with him, and told Barto that the detectives were at the Mansion House, but that he did not appear at all surprised at the intelligence. Barto replied that we must all stick together like leeches. He further

said he heard that Barto was with the detectives last night. Moret then told Keller not to get scared, that if even Barto did go back they could get out of it, but if you go back we are gone up." Moret further remarked that Tutton and Richards were at the bottom of all this. Keller asked Moret "what about Lavens, can he be depended on." Moret replied "Lavens is as true as steel; and that Groff was with Lavens all day yesterday in Philadelphia, and that Lavens and Groff would be up to see him [Keller] some time during the day." He said, "Lavens will not blow that he paid me [Moret] anything, and that they would not get anything out of him when they got him on the stand." He then bid Keller not to be afraid, but if he had said anything about them that he would think a great deal better of him if he would tell him and give us a chance.

He then asked, "What time he was at the Mansion House last night," he said, "I saw you there and I never saw a man look so bad; your looks scared me. I followed you there but did not see you go in." Keller replied, "I went in the back way." Moret said, "If the officers have no points except what Plank gave them, we can crush them like hell. You say you know nothing and I will say the same, and if anything happens let us all cling together." In reply to a question from Keller "as to whether Moret thought any one saw Keller, Moret and Groff go to Barto's house," Moret replied, "I am too d——d careful for that. No outside party knows of that unless some one has told." Moret then repeated

that Tutton and Luther and Richards are after us, and that Luther had been to the Mansion House to see the detectives. He further said that Luther had written to Washington about the matter. "If you divulge you divulge on yourself, and though these men may tell you they will clear you they cannot help you in the matter. If Barto goes against us we can bring evidence that he said he would sacrifice all he was worth to be even with us. I was with Alexander last night until twelve o'clock, and Alexander had seen Groff in Philadelphia yesterday. He thinks they saw you last week. Did you go anywhere?" Keller replied, "No. He is very uneasy about you and thinks you will go back on us;" and then Moret urged as before for him to remain firm. He said, "Jesus Christ, you did look bad last night. Don't do it; your countenance will tell on you. If I get on the stand I will swear black and blue to daylight before they shall catch me. They can't catch you in your returns. Have you any whiskey in bond?" To which Keller replied, "No." Moret then said, "They can't do anything. If the whole thing rested on me I would go into the Penitentiary and rot before I would get any of you into trouble. God damn! it isn't as though any of us had made anything out of this thing. I am poor; if I had made five thousand or ten thousand dollars out of it, I would not care, but I have nothing left but my character. I will get up and swear, the Colonel and Lavens, yourself and Groff will do the same thing, and they can't touch us." What I have recited does not comprise one-half of what was said, but these were

snatches of the conversation during that interview; Moret talked in a very excited manner, and the whole of the conversation was about a repetition of what I have stated; I remained in that house all through that day and evening; the next day, the 26th, I left the city for Philadelphia; there was a warrant for these three persons, Alexander, Moret and Groff; I returned on the 26th, and on the 30th I went again to Reading; I returned in company with Deputy Marshal Gordon; I paid the fare of Gordon and Luther to Pottsville, and went into Lancaster county for Groff, to Beardville, and to Vogelsville. I next saw Moret in this court-room, at the time of the trial of Colonel Alexander; this is the same person.

Cross-examined.—I never saw Moret before that day that I know of; I expected some one; in case of one of three persons coming I had an arrangement with him that I was to be in a position to hear; I was to play the listener; that was my business. I saw this man whom Keller said good morning to; I saw him through the key hole of the door; I cannot say whether I mentioned it or not; the door of the office if not immediately is almost immediately in front. I took my notes sitting on the chair; I could see very poorly; I cannot say whether the orifice was from the wall or close up to it; I could have heard if I had been in the other end of the cellar; I had a book in my hand and held it in this hand; there were difficulties in seeing; I cannot tell how I held it; I am pretty certain I had to stoop when I sat in the chair; my impression is that the pipe was straight

out from the wall; there was no ceiling; I have no idea how near together the joists were; I have been engaged as reporter for the *Washington Chronicle*.

To Judge.—I said I had not seen Moret before that time; the voice I heard in the cellar and in the store I recognized as the same.

Jacob Hoffman, sworn for the defence.—I am a member of the bar at Reading; have been for forty-one years; some time at Easton, and thirty-eight years at Reading; I was senior counsel for Colonel Alexander in this court; Brooks was a witness in that case; I remember substantially his testimony; I took close notice of it, but no notes; Brooks did not advert to or mention the fact of the keyhole at the door; he did not allude to the box in the cellar; Brooks said he accompanied Keller from Tutton's house after nine o'clock at night, on the evening of 24th of June, and remained over night with Keller, and the next day; and examined according to a pre-arrangement the room with the pipe-hole in; the arrangement was made at Tutton's house; he took breakfast at Keller's and expected Moret there that morning; after breakfast he went out into the office into the liquor store; Keller was at the front door of the store, facing the street, and where he (Brooks) was he had a clear view of the store; at 8.30 a person came up to Keller and a few words passed, but he was too far off to hear what passed; then Keller turned round, and he moved toward the office in the store and the person followed closely up to him, and he slipped into the parlor quickly, according to pre-arrangement, and locked

himself in; immediately after he heard Keller say, "Good morning, Mr. Moret," and the person replied "Good morning;" then a few words passed which he could not distinguish; Keller then came out of the office, and he (Brooks) slipped down into the cellar, and when he got there he took a chair, sat down, took out his note-book, and took notes; the conversation then had commenced between Keller and Moret; he said his left ear rested on the pipe hole and he could hear the conversation.

To a juror.—He did not say a word about the dry-goods box; after he got through his examination in chief I asked him how he took notes; he told me, and said he wrote them out the next day from his book; he did not say one word about three persons that were arranged for, that he did not want to catch one; he said he recognized Moret's voice by hearing him say "Good morning."

Cross-examined.—I am sixty-four years of age and a little over; Alexander's trial took place, I think, December, 1868, or November, 1868; it ended on the 4th of December; I examined most of the witnesses; Mr. Hughes examined some, and Mr. Bull examined Mr. Brooks; I only examined Brooks as to how he took his notes, and he raised a laugh on me and I then left him; I had not visited Keller's house then, but had it examined afterwards; I could sit down and write out the substance of all the important witnesses in this trial after it is concluded; I remember Brooks' evidence particularly; I had every reason as he had threatened to Mr. Jacobs that Alexander should go to

the penitentiary and should not escape ; I knew the combination formed against Alexander, and Brooks was one of the conspirators ; Brooks, Tutton, Keller, Barto, Rollins, &c., were sued for a conspiracy to remove Colonel Alexander from the office of assessor ; the proceedings were instituted by my conditional advice.

Q. Do you undertake to say at this time that you can literally repeat the words of Mr. Brooks ?

A. Yes, I do, and I have stated them.

Q. Well, what was the first words he used ?

A. He stated, in answer to a question, that he came up in the cars that night and met Alexander ; he spoke of going from Tutton's house to Keller's ; my remarks refer to Mr. Brooks' rebuttal testimony ; on his first examination he was called to testify about the warrant ; I don't recollect what he said first on that occasion as it was informal.

John P. O'Neill, sworn.—I am a member of the bar ; represented the United States in Alexander's case ; don't remember the whole of Brooks' testimony, remember a portion of it substantially ; that portion was, Brooks was called by the United States to rebut the testimony of Moret ; Moret had been asked and cross-examined if he had not had certain conversations with Keller in Keller's house ; he denied it, and said he had not ; then Mr. Valentine and I called Brooks to rebut, then a skirmish got up as to the admission of Brooks' testimony ; Mr. Hughes, who was one of the counsel for the defence, objected to the detailing of the conversation he had between the parties without first identifying

them; the Judge sustained the objection. I put to Brooks two questions: "Q. You have heard Moret testify here to-day? A. Yes, sir. Q. Is the voice you have heard to-day the same as you heard come from the cellar? A. Yes, sir." Then I contended the testimony should be admitted, and it was; Brooks testified that he was there by an arrangement with Keller; he was sitting in some room when two persons came in, and then he went into the cellar and seated himself in a very convenient position, in the manner before described; and heard all that passed; to my best impression, he did not pretend to recognize Moret at that trial in any other way than by voice.

Cross-examined.—I took notes of that trial; I left them in the office of the district attorney when I went out of office; the witness then read his notes of Brooks' evidence, which he took during the trial of Alexander.

William W. Bull, sworn.—Was one of counsel in Alexander's case; recollect Brooks speaking of the interview at Keller's; don't think in the course of his examination that he described Moret by name; there was nothing said by Mr. Brooks about the identification of Moret except by his voice; I remember this distinctly, as Brooks was the only testimony I took notice of, because although I took notes of Barto's and Keller's testimony, I did not think any man would believe them; Brooks did not mention anything about the keyhole; I don't think he did about the box either, but I am not quite certain.

John D. Morris, sworn.—I live in Reading; am a carpenter; I know Yoder's house where Keller was; I

have been there twice ; it is in East Penn street between Sixth and Seventh ; I went there immediately after Alexander's trial ; I examined the cellar ; I was present at Alexander's trial ; heard Mr. Brooks' testimony in part ; I heard the part relative to the cellar ; Brooks mentioned nothing about a box ; I heard his description of the pipe-hole, and how he placed himself to listen ; I made a little rough sketch of the cellar on a piece of paper ; I went to the cellar by direction ; when I got to the foot of the stairs it was so dark that I had to grope my way down.

To a juror.—It was a clear day ; it was between one and two o'clock in the afternoon ; the sunset facing the windows into the cellar ; after I had got sufficient light ; I mean after I got my eyes accustomed to the place ; Alderman Mendle, John Sharp, and myself were together ; we had a tape-line ; John Lyons and Dr. Yardley Brown and others were with me ; as soon as I could see I went to the pipe-hole on the eastern side of the building ; we commenced measuring ; the cellar was five feet five inches from the bottom of the joist to the dirt floor ; the depth of the joists was nine inches and a half in the neighborhood of the pipe-hole ; there was twelve inches and a half space between the joists ; I found the pipe-hole situated between two joists, four inches below the bottom of the parlor floor, and extending about half an inch below the bottom of the joists ; the windows were on the opposite side of the cellar ; they were a cast-iron grating or iron bars, about thirteen inches high and twelve inches long ; they were a little below

the street pavement, some three or four inches I think ; on the outside a large brick wall was opposite the windows ; the wall extended a considerable distance ; judge the space between the building and wall to be about five feet ; the wall was the wall of a three-story brick house ; when we made our measurements we had to go to the grated windows to see what they were, otherwise we could not see what they were ; I don't think it was possible for Mr. Brooks to do what he said in his examination in reference to the pipe ; sitting in a chair in the cellar, an ordinary sized man's ear would be about eighteen inches from the pipe instead of in it ; I made a subsequent examination of the cellar ; think I first went to the cellar at the suggestion of Mr. Hoffman and other parties ; the second visit was about two days afterwards ; Mr. John S. Richards, a member of the bar at Reading, suggested I should look at the cellar again ; I then found a store box there ; it was exactly eighteen inches high ; that box was placed right underneath the pipe-hole ; there was a chair on it ; there was no box there when I first went, unless it was hid away in some dark corner ; I saw no box ; I went there to locate the position of the pipe-hole, as my attention was called to the fact that in my draft I had not located the pipe-hole, exactly, but I found that I had ; I don't think a man could take notes as Mr. Brooks said he did ; there was not sufficient space ; if I sat in the chair and got my ear to the pipe-hole, I don't think I could take notes ; the light was not sufficient to write by ; in the afternoon of a bright day, from the position of

the sun, it ought to be lighter in the cellar than in the morning.

Cross-examined.—I first visited the cellar about the 10th of December; that was when I measured with a tape-line; I did not have an artificial light with me, and I did not look around for a box; while I was there, there were some parties overhead in the parlor, and I could hear them conversing; I did not pay attention to them, but I went on with my work; I made a rough sketch in the cellar; the pipe was six inches in diameter.

On re-examination, the witness stated Moret had always borne an excellent character as long as he had known him; in fact he never had heard anything against him until this time.

John N. Sharp, sworn.—I live at Reading; know the house where Keller lived; I accompanied Morris when he made a plan of the cellar.

The witness then corroborated Morris' testimony in reference to the cellar.

Col. George W. Alexander, sworn.—I live at Reading, No. 512 Bingham street; I was formerly Assessor of the Eighth District; I was appointed the latter part of October, 1866; took possession of office the 1st of November, 1866; I came home from the army in November, 1864; I entered the army the 17th of April, 1861, and went out as captain; I raised a company at Reading; I was honorably mustered out in November, 1864, as lieutenant-colonel; from that time up to my appointment I lived in Reading, where I had formerly lived; I was in office in August, 1868; I know Keller

and Barto; it is not true that I accompanied Keller to Barto's house at night in November, 1868; I never accompanied him to Barto's house or met him there by appointment or by accident at any time; I did not say to Keller that I would send Groff or Moret to them; I never met Barto at the house of Keller; I never had any arrangement with them or with any one acting for them, either directly or indirectly, for my own personal benefit to the detriment of the government; I never had an arrangement of any kind whatever with or for them; it is not true that Keller paid me one thousand dollars; he never paid me any such sum for any purpose; he paid me about, I think, one hundred and ten dollars in the latter part of April or first part of May, 1868; he paid it to me in my office, which was in the second story of the Keystone building; I rented a large room there, and in one corner of this large room I erected a smaller one; my large room was occupied by my clerk and three assistant assessors; in my own office I had my desk, press stand, books, etc.; Keller came into my office some time between three and four in the afternoon, and asked me to do him a favor, to pay one hundred dollars or so to the collector, as his office was closed; it closed at three; it was quite common for people to leave money at my office when the collector's office was closed; the collector's office was next to mine; think I called Mr. Linderman to hand the money over to the collector; I, however, handed the money to Mr. Harinan, the collector's clerk; Keller counted out this money on my desk; think Mr. Jacobs came in

while the money was being counted ; there was no privacy or secrecy about it ; the door was open ; persons desiring to see the assistant assessors and clerks would have to pass my office door, and could see into my room ; I caused Barto's distillery to be seized ; I think that was about the 27th or 29th of July, 1867 ; I don't think the rectifying house ever was seized ; the seizure was based upon the information of Moret and others ; I do not know why the collector did not act on the information at once ; the fact is so, however ; the collector never, to my knowledge, took possession ; that seizure was compromised by Barto paying one thousand five hundred dollars ; I was not a party to that settlement ; I advised the department to the contrary ; the relations existing between myself and Barto from that time were anything but friendly ; there was no intimacy between Keller and me ; I never knew him personally until 1865 ; I never had any intercourse with him beyond mere salutations ; I think I had a little conversation with him about a political contest in the county to which he had been a delegate ; I did not appoint Barto's son as store-keeper ; Barto (the son) was an inspector for a short time ; that is an office for which the law requires the recommendation of the assessor and collector. The returns of assessors were made to my office ; no distinction in the treatment of the returns from Barto's and Keller's distilleries was made by me ; Mr. Linderman, the clerk, attended to these returns ; I did not give them my personal attention unless it was called to me ; think I had seventeen assistant assessors ; I instructed them

to be vigilant in the discharge of their duties, and to collect the tax with as little ill-feeling to the taxpayers as possible; they were, as far as I know, vigilant; my instructions were, if they found any irregularities, to report them to me; I could not personally inspect all the places in my district; it was a very large district; under Tutton's administration there were twelve or fourteen; there was only one, or two, or three, in operation for a short time while I held the position of assessor; Tutton was my predecessor; Tutton's office was in the house of Barto; Moret was in Barto's district, and he was there at the time of the seizure; the information was lodged by Moret; he was a very vigilant officer; I mean to include in that, "honesty;" before the troubles in June, Moret made a large tobacco seizure.

Cross-examined.—I first became acquainted with Keller in 1865, in Reading; I think then he was Whiskey Inspector under Tutton; I think he went into distillery business in the latter part of 1865; he was a distiller when I assumed the office of Assessor; I did not have frequent personal interviews with him; Keller was the candidate against Barto for sheriff; when I had the interviews with Keller about the political contests, he was a delegate; I think I called at Keller's house, in Fourth street, about the matter; don't recollect seeing him in any other place; don't think I conversed with him about anything else; think I saw Keller at his house in the latter part of 1867; don't think I saw him out of Reading; think I saw Keller once or twice at Exeter Station; that was not about

political matters; think I was at Exeter in the latter part of '67, or fore part of '68; the last day I was there I think Keller's still had blown up; I think I saw Keller at the hotel; am not positive whether I saw him at the distillery; I went to the distillery; it strikes me Keller had gone away about some lumber; think I did not go over to the rectifying house that day; I have some recollection of going near the stable where the rectifying house was, but I did not go in; think I was not there in May; my last visit I think was in March; I was never in the rectifying house; I measured the stable just before my trial; I did not go there in May, 1868, and taste liquor; cannot say that I know William Krebs; have seen the person produced about town; think I saw him at Exeter; cannot tell what he was doing; I know Jos. Holmes; he was about the premises at Exeter, but I cannot locate him now; it strikes me he was absent on one of my visits; I was never in the rectifying house at any time; I think there were only three or four fermenting tubs in the distillery; there was one mash tub, but no mash in it; the capacity of that distillery was, according to the builder's statement, fifteen bushels per day, but it could be run to twenty bushels; believe I have a knowledge that the returns of that distillery only showed ten bushels every other day; I never saw those returns until I left my office; cannot tell the price of ordinary corn whiskey in March, 1868; I was never at Barto's house where his store is; the collector wanted me to come and settle Barto's case; I declined, and wrote to defendant that if it was to be settled

Barto should pay tax on nineteen barrels of whiskey, and five thousand dollars penalty, as the cistern-room had been tampered with on several occasions; it was *settled conditionally for fifteen hundred dollars*; after that time Barto and I did not speak to each other; I made an assessment against Barto of twenty-six thousand dollars; think Brooks and I had a conversation about my arrest, about the middle of July; I did not ask him not to arrest me; I made the assessment on Barto because of information I received from men employed by him that he had been defrauding the government ever since he had been distilling; Mr. Plank, who had been Barto's distiller since he commenced, came to me and said he had come to give me some information about the frauds in Barto's distillery; he said he had misstated the case at the investigation which I had held, and that now he had come to tell the truth about it; I then said to him: "You are placing yourself in a bad position; you know you testified before me at the examination;" he said he did, but he affirmed then, and now he had come to swear and tell the truth; I then asked him if there was any one else; I did not swear him then; I think this was about the middle of May; I took his statement down in writing subsequently, and got a man to see Barto's teamster, who knew something about the fraud; Plank said Luther knew something about it; I got a gentleman to see Luther, and he said he knew of Barto and his son taking several barrels away; I don't remember when I took Plank's statement in writing, but think it was in July; I think I made the assessment on Barto

without swearing any one; I did so from my knowledge of how he was carrying on the business; I got my knowledge from my assistant assessors; I did not at any time know that Keller had distilled spirits that he had not returned, until I found he had secreted whiskey in a cellar; I was led to infer, prior to my finding the fifty-two barrels of whiskey, that Keller had made charges against me; I found the whiskey in Rometz's cellar; I don't think I found it the day after I came from Washington; Snyder, a man who worked for Keller, told me where the whiskey was; I did not tell Miexwell to take returns from Barto and Keller without swearing them; I was particular in instructing Miexwell as to his duties; I did not know that he did not swear him to his returns any more than the man in the moon; I don't know it now.

Howard F. Boyer and John T. Craig testified to the good character of Moret, after which the Court took a recess for an hour.

Upon the re-assembling of the Court, the following witness was examined:

Adam Plank, sworn.—I live on North Front street, Reading; was engaged in Mr. Barto's as distiller for about three years; knew him very well; heard him say he would have revenge on Colonel Alexander and Mr. Moret, if he had to go through hell, spend ten thousand dollars, and sacrifice his family; when Mr. Sands was at Barto's, there was not a gallon taken away unlawfully; after he left, Samuel Barto, the son of Mr. Barto, took away two barrels; two days after two more barrels were taken away; two days after

two barrels more were taken by Barto and his son to a rectifying place afterwards; Barto told him the next day where they had been taken; about ten days afterward five barrels more were taken away, and Barto complained to witness that he had to break the lock off to get at it; there was, altogether, about three hundred barrels taken away to other places than a bonded warehouse; John Tyson said to witness that he had day and date of it, and made it over thirteen thousand gallons; Barto, when there was no watchman there, would come there himself and take whiskey from the cistern-room; when Barto was first detected, he sent for me, and said: "This is a bad business," and asked me what I was going to do; I said if I was called to swear I would tell the truth; he said: "You need not swear, you can affirm;" I would affirm a thing that I would rather have my right arm cut off than swear to; you do not have to touch the Bible at all, and all the lawyers and learned men hold that that is not binding; we were to go before Colonel Alexander the next day and Barto was to affirm first to show me the way to follow; but the next day Colonel Alexander would not call him first, but called me; they had some dispute, but what it was I could not tell, as I could not hear; when Moret came there I told Barto he had better stop this thing, as he would certainly be found out; that Moret was sharper than the other fellow. Barto said: "No, I won't; he isn't any sharper than the others;" but Moret did catch him, and then the trouble began.

The testimony being finished, the counsel for the

United States and for the accused respectively addressed the jury, and the Judge charged them upon the law as applicable to the evidence. The jury retired to deliberate on their verdict, and on the following day appeared in Court, and rendered a verdict of Guilty, with a recommendation to Mercy; whereupon Judge Cadwalader sentenced the culprit to ten months' imprisonment in the Eastern Penitentiary.

CHAPTER XI.

A WHISKEY MAGNATE IN THE MESHES OF THE LAW.

THE recognized head-centre of the Whiskey Ring in Philadelphia, was a man of remarkable energy of character, fertility of expedients, ingenious in planning attacks on the public exchequer, and audacious in executing his cunningly devised campaigns against the government and laws. He resided in a fashionable quarter of the city, was noted for his prodigal hospitality and lavish expenditures; attended the races in his dashing equipage drawn by superb steeds; kept race-horses and bet largely on the turf; was the patron of the roughs and the dangerous class from which could be selected willing and plastic instruments to execute any desperate schemes fraught with danger, violence and blood-shed. He was possessed of political influence and was courted and caressed by aspirants

for public place and power. He packed primary conventions with his adherents and myrmidons, and thus procured the nomination of his favorites or tools for political offices; he contributed liberally to the expense of conducting political campaigns and of colonizing, organizing and directing repeaters, ballot-box stuffers and bruisers, who voted early and often and intimidated good citizens from approaching the polls.

Yet this autocrat, while at the very zenith of his power and glory, was pounced upon by the government authorities and his profitable career of lawlessness was brought to an inglorious end.

On the sixth day of December, 1869, George Mountjoy was arraigned for trial in the United States District Court for the Eastern District of Pennsylvania, Judge Cadwalader presiding.

The District Attorney in his opening stated that the defendant was charged in eight different counts. The bill of indictment is drawn under the thirty-sixth section of the Act of Congress, 20th July, 1868. The substance of the charge is that this defendant did remove distilled spirits on which the tax had not been paid, from his distillery or from his distillery warehouse, contrary to law, or that he did aid and abet in the removal of distilled spirits from either one of these places, or that he aided in selling them. That is the charge, and the different counts are laid to suit, as we think in the language of the law. The law was then explained to the jury, and what the government expected to prove was stated very clearly.

The following witnesses were examined :

Alexander P. Tutton, sworn.—I visited Mountjoy's distillery for the first time 7th of August last ; it was on North Third street, about Charlotte street ; I think it was on the west side ; the first thing that took my attention was that the fermenting tubs were enclosed by putting a rim around the top of them ; the rim was made of zinc and some twelve or thirteen inches high ; there were five tubs I think ; I found tub No. 2 just emptied ; all the others were full except one outside, which was sealed up ; I found a mash in the mash-tub ready to drop into the fermenting tub ; there was no other tub it could be put into except No. 2 ; that was about one o'clock in the afternoon on Saturday ; the following Monday I visited the place again ; was there in the forenoon and found that tubs Nos. 3, 4 and 1, had been emptied in the meantime ; they were then running tub No. 5 ; I was not able to get the gauger there to find out the amount of spirits in the cistern-room ; on Tuesday I visited it again with Mr. Evans and Mr. Elliott ; all the beer was run off except tub No. 2 ; visited it on Wednesday morning and found the place closed ; it was subsequently opened ; went in and found persons taking down the still, and the grain and chop was removed ; saw some eight hundred bushels there before, but it was not there on Wednesday morning at seven o'clock ; it was there on Tuesday afternoon ; left distillery at 7.30 Wednesday morning, August 11th ; on leaving the distillery I met the night store-keeper Mr. Stewart, and inquired about the grain ; went back about nine o'clock with the Collector and found Mr.

Mountjoy there himself; the gauger went with myself, Collector, and Assessor, and opened the cistern-room; we found there thirty-three barrels of whiskey, twenty of them had been gauged that morning according to the date, and were branded "tax paid August 11th;" the other thirteen barrels bore the date of inspection two or three days before, and were branded in the same way; the Collector then made seizure of the place; the cistern-room was next to the office, which was at the western end of the distillery; the cistern-room and bonded warehouse opened into an alley running from Third street towards Fourth; the bonded warehouse was towards Third street, and east of the cistern-room; the alley was a private alley with a gate to it; there was a gateway to the entrance on Third street; cannot say how it was fastened; there was a gateway also at the western extremity I think; did not look into bonded warehouse as the store-keeper was absent, and we could not get in; ordered Detective Kline to take the marks on the barrels; visited the place with the Marshal a week or ten days after this, and there were no barrels there then; I looked in the bonded warehouse and there was nothing there; it did not have the appearance of anything being there lately; I never saw Mountjoy at the Collector's office to my knowledge.

No cross-examination.

George C. Evans, sworn.—Am collector of the Third District; the front of the distillery warehouse was on Charlotte street, which runs from Brown street north, between Third and Fourth streets; the counting-house was on Charlotte street; that is, the *front* is

on the east side of Charlotte street; the entrance to this is through a door into an entry, and through another door; no communication with this except through the second story; the bonded warehouse is on Third street; there is a cartway from Charlotte street to Third street; the entrance to the cistern-room is from this cartway; the mash tubs were on the second floor and also the grain bins; the entrance to the fermenting tubs is on the second floor; think there were four fermenting tubs in use; the meal was in the third story, immediately over the room which contained the mash tubs, and the engines were on the ground floor; I was there on the morning of the 11th, and saw the cistern-room; there were thirty-three barrels there; some of them were marked "tax paid," with the date, and some were not; it was usual to mark barrels "tax paid;" the distillery warehouse stamps were also upon the barrels; some of these were dated the 11th; it is not usual to have the date on in that place; I never saw it before that one instance; don't recollect how many barrels were dated 11th; it was about eleven in the morning when we were there; did not then look in bonded warehouse; saw no grain or chop on the premises; Mr. Tutton spoke about the grain having been removed; he said he had altered his opinion of Mountjoy on account of that grain; the latter said if he desired it he would have that grain brought back; Tutton replied that would not alter his opinion; Tutton asked when it had been removed, and Mountjoy said the previous afternoon; saw Mountjoy in the counting-

house when we arrived; we went into the counting-house and Mountjoy was sitting at the desk; the conversation commenced between Mountjoy and Tutton; the former¹ said he had dismantled the distillery; he gave us to understand the reason for doing this was because we visited the distillery so frequently; we had been there then the greater part of the business hours for three days; on the morning of the 11th was at my own office about eight o'clock; Tutton was waiting there for me; Mr. Knight, one of Mountjoy's men, was there for the purpose of paying the tax; he had a check with him; cannot tell whose check it was; think it was Mountjoy's; to pay the tax on one hundred and twenty barrels of whiskey; I should think there was one thousand two hundred gallons; this was a little after nine in the morning; Tutton told us to take the check and keep the whiskey; Knight refused to pay the money in that way; think the name of the man was George W. Knight; have seen him about that distillery; have seen him in the counting-room; he frequently paid the tax on spirits for Mountjoy; on 12th of August I went out of town and returned in about ten days, and was waited upon at my office by Marshal Gregory and Tutton; we visited the bonded warehouse and cistern-room, there were no spirits there.

Cross-examined.—There was an offer to pay tax on the whiskey before the seizure; there was no seizure made until after the offer made in my office to pay the tax; the thirty-three barrels were included

in the one hundred and twenty barrels; Mountjoy had a right to take away his grain.

General Gregory sworn.—I am Marshal for the Eastern District of Pennsylvania; had a writ to seize the property of George Mountjoy; took possession 12th of August, and visited premises eight or ten days afterwards; Tutton and Evans accompanied me; did not see the cistern-room; visited bonded warehouse; did not see any thing there; I examined it very carefully; there was the appearance of three barrels having been in the warehouse; this was indicated by marks on the floor by the heads of the barrels; I did not examine the lock that day, but had it brought to my office afterwards; ordered all the locks connected with the establishment to be brought to my office (witness produced three locks); these are the three locks handed me by the watchman, Eli Ridgway; we walked through the warehouse or distillery, but did not see any barrels of whiskey.

Cross-examined.—The writ, I think, came into my hands on the 12th; was executed the same day; my books will tell the fact; my watchman was put on when we took possession; where I saw marks of the three barrels the floor was boarded; if barrels had been on their sides and moved they would have left their mark; there was dust on the floor, and if barrels had been rolled on that floor they would have left marks.

William C. Prime sworn.—Am a Revenue officer; visited the distillery with Tutton; first on the 10th of August; saw the defendant; we had some conversation about the affairs of the distillery; I recollect

two things distinctly that afternoon ; one was looking over the books of grain received, and the other was making an arrangement to come the next morning ; there were about seven hundred or eight hundred bushels of grain we found there ; we estimated that to be the quantity from what we saw ; we went back the next morning between nine and ten o'clock ; the Assessor, Collector, and Mr. Brooks went with me ; we did not find any grain there ; Tutton spoke to Mountjoy something about his removing the grain ; Tutton said the grain had been removed in the night ; don't recollect what Mountjoy said ; I was absent some of the time ; we saw in the cistern-room thirty-three barrels of spirits marked with the warehouse stamp for entry into bond, and the gauger's (Mr. Fitler's) mark ; the barrels had the distiller's brand on them ; it was " George Mountjoy, distiller ; " the proof, gallons, district, and date of payment of tax ; on thirteen barrels was August 10 ; on twelve barrels was August 11 ; but I could not say positively whether the others were ten or eleven ; this was the burned brand mark of the gauger ; I was there again in the afternoon ; we didn't look for the spirits then.

Cross-examined.—The distiller's brand was complete with the exception of the tax-payer's stamp or serial number.

Amos J. Michener, sworn.—I am chief clerk in the office of the Collector of the Third District ; I held that position in August, '69 ; recollect Mountjoy being at the office that month ; recollect 11th and 12th of August ; saw Knight there on the morning of 11th ;

he handed me a check for the whiskey then in bond, eighty-seven barrels; don't recollect who signed the check; this was shown to be in bond by the return of the gauger; Tutton was in the office at the time and he told me to retain the check and not issue the stamps; he afterwards modified his remark by saying: "I could do as I pleased about it;" I returned the check to Mr. Knight, and he left the office; I saw Mountjoy frequently; don't recollect him speaking to me about it more than was usual; he may have spoken to me about paying the tax on the whiskey as he usually did; don't recollect whether he was there after Knight left; I did not go to the distillery.

No cross-examination.

Thomas Segar, sworn.—I visited Mountjoy's distillery 20th of August last; I was one of the appraisers; John M. Smith and Augustus Halbach accompanied me; I did not see the thirty-three barrels of whiskey; I looked in the cistern-room; looked in the bonded warehouse the next day; the watchman, Ridgway, was with me then; there was nothing in the warehouse; the floor was very dusty, and the appearance was of some barrels having been there recently; found no spirits about the place; did not observe the rims on the fermenting tubs.

William B. Elliott, sworn.—Was Assessor of Third District last August; I visited the distillery along with Tutton; I first went there on 9th of August with Evans, Prime, and Tutton; was there on 10th and 11th with same parties, but Brooks was with us on the latter day; on the 10th I saw some grain there; it was

corn, &c.; cannot form any estimate how much was there; there was quite a quantity of it; the grain was not there on the 11th; Mountjoy was asked why he removed that grain; he said it was ground and packed and would heat and spoil if it remained there, but he would have it brought back; that was the reason he gave for removing it; went into cistern-room; there were a number of barrels of spirits there; some were marked, "Tax paid, August 11;" I only examined a few of them; I was not there afterwards; the distillery was dismantled when I was there, but it was not then under seizure; by the returns at my office, I know how many gallons of distilled spirits ought to have been in the warehouse; cannot give the number without going to my office.

Cross-examined.—Mountjoy told me he was going to stop running, and the distillery was dismantled.

Philip Stottszenburg, sworn.—I was appointed by the Marshal on 12th of August to watch the distillery; Mr. Ridgway took turns with me; I went on the 13th of August; Mr. Ridgway was there on the night before; we arranged for one to stay in the day for a week and the other the night; I had the day and he the night for the first week; I went there about 7.30 A. M. on the 13th, and remained there until near eight P. M.; then we arranged the hours from seven A. M. to six P. M.; I continued on that way all along; I recollect 16th of August; it was Monday; I was there in the day; went at seven that morning, and left about four or five minutes to six in the evening; Mountjoy came there that afternoon about 3.30 or four o'clock, and he

asked me if I would go with him to arrest a counterfeiter that evening; I told him I had no right to go with him to arrest a counterfeiter; he said he only wanted me to see him, so that I could have him arrested; told him I would go that evening; he sent his carriage round by his man about half-past five that evening; I said I would not go with him; it was too early and Mr. Ridgway had not come to relieve me; he then went away, and I sat there in the office, and about ten or fifteen minutes of six Mountjoy drove up; he got out of the carriage and said it was very warm; I said it was; he asked me if Ridgway had arrived; I told him "No;" he had seen Ridgway, he said, that afternoon; he said he had been to his house; he then walked to George street to see if Ridgway was coming; while he went up there I went through the distillery, and saw that every thing was right; every thing was apparently right; when I came down he was there; he seemed to be excited about this man; he said he was a sporting character, and wanted me to go to Oakdale Park to find him; he said his name was Weightman; I said I would go with him; it was about four minutes to six o'clock; he said there was nothing there to steal, and there was nobody there to steal, and the neighbors would look after the place; I said if I could leave the key with anybody I would not mind going with him; he then called a little boy, named Harry Conner; I gave him the key and told him to give it to Ridgway, whom I described to him; I went then and shut the door; this was the door on Charlotte street, that goes into the distillery; this was

the key of the front door leading to the office; I got in the carriage, and Mountjoy and myself started off, and drove to his stables, as I supposed; it is the first little street above Broad, from Oxford street to Columbia avenue, and there was a double team; he asked me to get into that carriage; I did so, and he drove me up to Oakdale Park; while we were going out there he gave me a description of the man he wanted; when we got there he said he thought it was too late, as they were all breaking up; he drove past the Park gate about fifty yards, and turned around and said I guess we will go in, it won't cost much anyhow; he pulled out two ten dollar bills and gave me and said, perhaps you will see more of your friends and want to treat them; he changed his mind, and said he would go down to a place in Market street, where he boards, as perhaps we could find him there; I got out at Twelfth and Arch streets; he told me to go up to 1113 Market street and meet him there; he told me to ask when Mr. Weightman was there; whether he was there, and where he went; I went there and inquired, and they said they did not know the man, but I might perhaps find him at the Bull's Head; I went back and told this to Mountjoy; I put my hand in my pocket and handed him back his two bills, and said, "Mr. Mountjoy, here is your change;" he said, "to h— with the money; he did not want it; keep it;" I kept it and went home; then to 327 German street; I went up to the distillery again, and found nobody there; I got tea at home; I reached the distillery some time after eight o'clock, and saw no one there; I went up

the next alley, jumped on the shed, came in and opened the door; I got up on to the fence, and went into the yard; then went into the second story of the distillery; I came down to the door, and went over to a party of boys standing on the corner, and saw Harry Conner there; I sent Conner after Ridgway, to his house; it was on Columbia avenue, above Thirteenth; Ridgway then came; it was after nine o'clock at that time, and quite dark; nobody else was about there; I explained to him what was done; I left then and went home, and gave Ridgway the keys of the carpenter shop and cistern-room; I never saw the office door key after I gave it to Harry Conner; I went back on the next morning and relieved Ridgway; went through the building, as usual, into the cistern-room, and found no liquor there; I left Ridgway there when I went home at night, and found him there in the morning; I got the key of the cistern-room from him; I never saw Mountjoy again until I saw him at the hearing before Commissioner Biddle.

Cross-examined.—I got to the distillery on the morning of the 16th, at seven o'clock, and remained there all day; went through the building that day, and unlocked the cistern-rooms in the morning and in the afternoon; I left Mountjoy that evening at Twelfth and Market, near eight o'clock, I think.

Harry Conner, sworn.—Last August I was working on the mash floor for Mountjoy; I had at that time been there for three months; I know George W. Knight; he was about there once in a while, and so was a man named James McDonough; I cannot say

what he did, as he was in the office all the time; I recollect the key of the office door being given to me by Mountjoy; it was about three o'clock in the afternoon; Stottzenburg was sitting in the carriage when the key was given to me; he (Mountjoy) told me to give it, first, to Ridgway and afterwards to McDonough, as he would know whom to give it to; the carriage, with Mountjoy and the watchman, then drove away; that was about 3.15; at five o'clock McDonough came, and I gave the key to him; I then went home to my supper; I was gone about an hour; I then went down to Third and George; that was not a square off; I saw Stottzenburg there the next day; I did not see Ridgway; I saw Stottzenburg that night, and I went after Ridgway, at his request, to Thirteenth street, above Columbia avenue; I saw Ridgway at his house; I went down first, saw Stottzenburg, and told him Ridgway was coming; when Stottzenburg asked me to go for Ridgway I had been about there more than an hour; when I gave McDonough the key he went inside the distillery.

No cross-examination.

Eli Ridgway, sworn.—I was night watchman at this distillery; recollect the 16th August; I got there a few minutes after six that evening and saw James McDonough there; as I came near the distillery McDonough came up and met me; he wanted to know if I had come to relieve my partner; I said I had; he said he had gone to Ninth and Green to meet some of his friends who had gone out to Oakdale Park to see the Caledonian Club; after some conversation

about the weather he asked me to take a walk with him to Fourth and George; he says then we will sit down and wait until he comes back; we did so for about half an hour; then he got up and insisted on going to Fourth and George; I went there after a little conversation; we were gone, I suppose, some fifteen minutes and then we returned; we sat at the distillery some half an hour longer, and he said he was going home; we sat on Charlotte street; he left me, and I waited there until about eight o'clock; not seeing my partner I started for Ninth and Green to find him, but could not; I saw Stottzenburg about 9.30 that evening; I went to the distillery as soon as the messenger came for me; two Conner boys came for me; the elder one came into the store and asked for me; I asked McDonough if the key had been left anywhere for me, and he said he guessed not; he didn't know anything about it; I only tried the doors that night, and found them fastened; I staid there from 9.30 P. M. until seven the next morning, when I examined the place; I did not discover anything, because I did not unlock the doors; I went away about seven o'clock; between 9.30 and 10 A. M. I was there; when an examination was made Stottzenburg sent for me; I examined the cistern-room and found that there were no distilled spirits there; I had never seen the spirits there; I was never in that room until that morning; this occasion was the only one of my being absent since I was put on to watch; I occupied such a position there that no whiskey could have been taken away without my knowledge; I had driven some spikes over the bolt

of the gate, I think on the 13th; this was the gate on Third street; and on the 17th I discovered the spikes had been broken off, so that the bolts could be slipped back; at night time I had the key of the cistern-room. (The witness here produced the keys and locks which he had marked.) On the night of the 15th we had a quite a heavy rain, and on the 17th I noticed in the cartway marks of a wagon.

Cross-examined.—I had the key of the cistern-room, and the collector had the key of the bonded warehouse; one key will not unlock both locks; the third lock is a spare one which I found in the place; the key of that will not open either of the locks.

Philip Stottzenburg, recalled.—It was about half-past eight on the morning of the 17th, when I looked into the cistern-room; I used to look into that room every morning, and saw the thirty-three barrels; I had been at the distillery about an hour and a half before I discovered the whiskey was missing; it could not have been taken away that morning without my seeing it.

Edward Voight, sworn.—I am a locksmith, 602 North Third street; I made the lock and key of the cistern-room and the two keys which were spoken of as coming from the desk with the lock, but I know nothing of the lock, and nothing of the bonded warehouse lock; I made two keys with the cistern lock at the time it was ordered, and two extra ones besides; I made the cistern lock and keys some time in June; the order was left while I was absent; they were sent to Mountjoy's distillery; after the lock was finished

two keys were ordered, and I think they were for this lock, but I cannot say positively; they were also sent to Mountjoy's; my brother took them; all four keys were sent at the same time; at least they were entered in the book all at one time and charged to Mountjoy; he never saw me about them, nor I him.

Cross-examined.—I have only made one lock, the cistern-room one; I made it last June; I made four keys at the time, two for the lock, and two extra ones; they were charged as "two extra keys," and I suppose they were for this lock; I could not say positively that they were for this lock; I used to work for this place; did quite a good bit of work for it.

August Voight, sworn.—I live at No. 561 North Second street; I work with my brother; he is a locksmith and bell-hanger. (The witness here recognized the same keys and lock as his brother did.) I think there were four keys made to the lock; they were for Mountjoy; they were made about half a year ago, I guess; I took the lock and keys to Mountjoy's office, and I think I gave them to the book-keeper; I had a bill for them; I was not paid for them right away; two or three days afterwards I went with the bill, and was not paid; a week subsequently went again, and the gentleman who went into the office paid me; I think it was Mountjoy; I know him; I knew him then; he was in the office at the time; I was paid in a five-dollar bill, and it was given to me either by Mountjoy or the book-keeper; nothing was said; I got the change in a grocery store; do not remember exactly the amount of the bill; think I spoke to the

book-keeper when I went in and gave him the bill; nothing was said; a dark-complexioned man gave the order for that padlock; it was the man I saw in the office that day; I don't know his name; I think it was the book-keeper; I think a boy ordered the "extra keys."

Cross-examined.—Cannot tell how many keys we made for Mountjoy; I recognize three keys; one key is here of the four which we made; it is marked "cistern room;" I am not exactly certain we made four keys for that.

George C. Evans, recalled.—I have taken off the books, from the gauger's returns, the following; 7,656 gallons—these were in the bonded warehouse and cistern-room; there were 5,633 gallons in the bonded warehouse and 2,123 in the cistern-room; the last return made was August 11; that is what was at the distillery on the day of seizure, which was also August 11.

Cross-examined.—I made the seizure, I think, about noon; my impression is that this amount covers the amount on which the tax was offered to be paid; I did not examine the premises at the time of seizure to see if that amount was there; I saw the spirits in the cistern-room, but I did not enter the bonded warehouse, as the store-keeper was absent with the key; the only proof I have that that amount of whiskey was in the place was from the gauger's returns; the whiskey in the cistern-room was marked according to law, with the exception of the date, which had been inserted by the error of one of the assistants of the gauger; my

impression was that the offer to pay the tax was upon the whole of the whiskey, both in the bonded warehouse and in the cistern-room.

The Government offered in evidence the locks and keys, the libel, the attachment, and all the records in the case, and closed. A short conference then ensued between the counsel and the Judge.

Judge Cadwalader then addressed the jury to the effect that it was with very great regret he found he could not finish this case to-day. The counsel for the defence assured him, that, relying upon information which he had no right to rely on, he did not expect a trial of this case would take place to-day. But upon this assurance, and looking at the fact that the defence had been conducted so fairly and openly, he could not refuse to adjourn the Court until ten o'clock to-morrow morning. In doing this, he cautioned the jury that it was a very aggravated offence for any person to converse with them while a case was pending, and that it was even advisable for the jurors not to discuss the case between themselves after the Court had adjourned.

The trial was resumed on the following day, and George C. Evans being recalled, testified that the tax has not been paid on any of the distilled spirits of which he spoke yesterday, up to this time.

Cross-examined.—The day store-keeper has the keys of the bonded warehouse of a distillery; the man, Benjamin F. Urwiler, was at Mountjoy's distillery; he was arrested, I believe, for abstracting whiskey; the lock on the door was in proper accordance with the law, don't think the rim on the fermenting tubs would in-

crease the capacity; it would only keep liquor from splashing over; when Tutton went to the distillery, he called Mountjoy's attention to the zinc rims on the fermenting tubs, and said they increased their capacity; Mountjoy said, "No; the rims were placed on to keep the foam off the floor, which would make it sour;" I never had the books of the distillery; I never went into the grain question; Tutton took the books away, and I never saw them.

Judge Cadwalader suggested to counsel that this habit of re-opening testimony when it had been closed, must be stopped.

Mr. McCandless opened for the defence. After referring to the bill of indictment, he said the defence not being aware of the circumstances under which it was drawn, they had to wait for the development of the case of the Government. The evidence which had been adduced shows that the thirty-three barrels were not in Mountjoy's possession, or under his control as a distiller, but that it was under the care of the United States Marshal, and therefore the offence did not come under the 36th section of the Act of Congress. We will show you that this whole affair of recovering the whiskey was a trap laid for Mountjoy, and that his spiriting away of a watchman to find a myth was incorrect. We will show that Mountjoy took Stottzenburg away about four minutes before six o'clock to the Caledonian Club games, to arrest the man Weightman, who was subsequently captured, and is now awaiting his trial. We will show you that the key which was handed by Harry Conner to McDonough, was handed over by the

latter to the watchman, Ridgway, within five minutes after it came into McDonough's hands. We will explain the duplicate keys, which have been shown to you, and prove that one of them was made and was used by Mountjoy for his private wine-cellar at his house in Spring Garden street. Two were for the old bonded warehouse lock, which was used on the Charlotte street gate, and one for the cistern-room, which was always in the possession of the gauger.

It is not alleged that Mountjoy ran his distillery beyond its capacity. If so, why did not the United States show it?

In conclusion, counsel appealed to the jury, that in the absence of positive evidence they were not to consign this defendant to a felon's cell.

Garrett C. Nagle, sworn.—Was deputy collector on the 16th of April last, of the Third District, on which day I resigned; am familiar with the lock on Mountjoy's distillery; I sold this lock to Mountjoy; I recognize the lock; it is the lock of the distillery warehouse which Mountjoy got from me on the 18th of November, 1868, with this key also; the duplicate the collector had; this lock has been in Mountjoy's possession since I resigned; I presume he has used it; saw the duplicate key in the possession of the collector about three months ago; it was kept with other duplicate keys in the collector's desk.

Cross-examined.—I never was at the distillery, and therefore never saw this lock there; all I know is that I delivered this lock to Mountjoy about the 18th of November, 1868, with one key; the other key I

kept; of my own personal knowledge I do not know where the lock was affixed.

James A. McDonough, sworn.—Was in employ of Mountjoy during the summer of 1869; I was book-keeper; it was my duty to be about continually; Urwiler was day store-keeper, and Stewart night store-keeper; I was acting as book-keeper when the seizure was made; I am familiar with the locks about that establishment; (the witness had the locks shown him, he recognized the bonded warehouse lock; the old lock which was used on the Charlotte street gate, and the cistern-room lock;) about the fore part of June I went to Voight's and ordered the lock and keys; one was for Mountjoy's private house; only one of the keys would open the cistern-room lock; two keys were made for the gate; one for me and one for the engineer; I am familiar with the circumstances of the seizure in August; Ridgway and Stottzenburg were put in charge by the Marshal; Harry Conner gave me the key of the office door about 5.30 P. M.; he said, "Here is a key which was handed me for you;" I said, "I don't want it;" but on looking at it I took it, and was told it was to be given to Ridgway, which I did in a few minutes; he and I then went and took a drink at Fourth and George streets, after which I went home; I have no knowledge of whiskey being removed from that place; don't know of any scheme or arrangement to remove any; I know the man Weightman by hearsay; I was not acquainted with him; I know of his arrest by Mountjoy; I was not present at any of the hearings.

Cross-examined.—Live at No. 1630 North Thir-

teenth street; defendant lives at No. 1736 North Thirteenth street; I am not a connection of Mountjoy's; I am a cousin of his wife; I was in his employ a little over two years; he had been running the distillery about three years; Knight was in his employ; the old lock was removed from the bonded warehouse and the new one put in about November, 1868; the new one came from the collector's office; the lock of the cistern-room was made by Voight; I ordered it, and one key with it; I ordered two keys for the lock of the old bonded warehouse, and one for Mountjoy's house; I took the other locks down when I took the cistern-room lock; I saw Voight's brother; I stopped in there the same afternoon I saw Mrs. Voight; I found two of the locks finished, and I took them down; they were the old bonded warehouse lock and the small lock for Mountjoy's wine cellar; I saw those two locks and the three keys which I tried; two keys for the old bonded warehouse lock and one for the small lock; I did not take the keys, because she had seven or eight keys in her hands; I fitted the keys in the locks and left them with her; I will swear the keys I fitted on that day were for these locks; I did not know that until they were brought down to the distillery by the boy; I cannot swear positively that the keys I saw were made according to my order to fit the locks.

Q. When you took the locks away how would Voight know what keys to send to fit these locks?

A. I could not tell you that; I suppose he knew which keys he made; I saw Ridgway, about 5.30 P. M., coming down Charlotte street; I went to meet him; I

came on to the distillery with him ; I made some remark and handed him the key ; we sat down in front of the distillery, and then we went and took a drink ; I then went home ; for an hour before that time I had been at the hotel at Fourth and George ; I was not looking for Ridgway in the afternoon ; I was looking for him after I got the key ; I got the key between five and 5.30 ; I was there all the time until Ridgway came down ; Ridgway never asked me for the key ; I handed it to him ; as soon as I met him I handed him the key ; I was not there when Mountjoy was there, nor when Stottzenburg left ; saw Mountjoy that day, during the morning some time ; I was at Thirteenth and Columbia avenue ; I had no appointment with him ; I again met him at Fourth and George in the afternoon some time ; he was in his wagon ; I had a talk with him ; he asked me for some letters ; he did not tell me where he was going ; I don't think he knew I was going to the distillery ; he did not tell me to go there and get the key from Harry Conner ; I did not go into the distillery before Ridgway came ; I waited for him from fifteen to twenty or thirty minutes ; I am positive I did not enter the distillery from the time Conner gave me the key until Ridgway came up.

Re-examined.—It was customary for me to go to Fourth and George streets every day when the distillery was closed to get Mountjoy's letters.

Judge Cadwalader.—What did Knight do at that distillery ?

A. I don't know ; he was Mountjoy's private clerk ;

he used to come there in the morning and see Mountjoy, and then go away.

William McLean, sworn.—I know Weightman; I know of his arrest by Mountjoy; I was there at the time; forget the date, but know the place; cannot tell the month, but it was in the summer time.

Cross-examined.—I have seen Weightman; am not acquainted with him; I saw him in Market street about the latter part of the summer; the arrest was made in Market street, between Fifth and Sixth; I don't know Mountjoy; have seen him before the day of the arrest; was not in company with Mountjoy nor Weightman; I was merely passing by at the time; heard Weightman speaking about the arrest as he was walking down with Mountjoy; Weightman said he would make it all right if he let him go; nothing was said about counterfeit money; Weightman said to Mountjoy, "I have beat you out of six thousand dollars, and you ought to consider me smart;" I went down to the alderman's office, but I remained outside; don't know who was with Mountjoy; I keep a restaurant at 1310 Callowhill street; have been there about three months.

The defence closed.

The government offered the following rebuttal testimony:

Edward Voight, recalled.—I made, I suppose, the two keys in the large lock; a week or so before the distillery was seized; I have made two keys for the cistern-room lock; I know two keys were made, and also two "extra" ones; at that time I did not make

any keys for the lock of the wine cellar ; I have no recollection about a lock for the wine cellar.

Cross-examined.—I made a great many keys, many different locks, and did a great deal of work for Mr. Mountjoy.

The testimony on both sides being closed, and the counsel for the prosecution and defence having summed up the evidence, the Judge charged the Jury, and they retired to deliberate on their verdict. After a brief conference they returned to the Court and rendered a verdict of guilty.

On New Years' Day, 1870, Mountjoy was brought up to the District Court, looking as any man of sensibility might be supposed to look under extremely adverse circumstances. Judge Cadwalader was in attendance and merely directed the clerk to record the sentence, which was in these words :

“That George Mountjoy be imprisoned and confined in the Eastern Penitentiary of the Commonwealth of Pennsylvania, for the term of two years, and that he be subject to the same treatment and discipline as convicts sentenced by the Courts of the said Commonwealth. And it is further adjudged that the said defendant pay to the United States a fine of three thousand dollars, and stand committed until the said fine shall be paid, or until the expiration of three years from this date if the said fine is not sooner paid.”

Nothing further was said, and Mountjoy was conducted to the Marshal's office preparatory to leaving for his new home. A touching incident occurred in the office. A son of the prisoner, an interesting boy

of fifteen years, called to see him and said, "Won't you stop and see mother as you go out." There was something not only in the words of the boy, but in his manner, which moved the father, and it was with difficulty he could reply. Soon after Mountjoy left in charge of Deputy Marshals Murray and Baynes, and was taken to the Penitentiary in a chaise. What the treatment and discipline of prisoners in the Eastern Penitentiary are, is described in this section of the law :

"All and every person adjudged to suffer separate or solitary confinement at labor in the Eastern and Western Penitentiaries, shall be kept singly or separately at labor in the cells or workyards of said prisons, and be sustained upon wholesome food, of a coarse quality, sufficient for the healthful support of life, and be furnished with clothing suited to their situation; that during the confinement of such prisoners no access shall be had to them by any person or persons except the inspectors of the institutions, grand juries and other proper public officers."

To so free a liver as George Mountjoy, this kind of treatment and discipline will prove anything but agreeable. No operas, no balls, no parties, no races, no drives to the Park and to the Falls of Schuylkill, no catfish suppers, and no midnight carousals. Experience alone would enable any one to fully realize such a change.

CHAPTER XII.

MAGNITUDE OF THE WHISKEY INTEREST.

THE quantity of whiskey annually consumed in the United States reaches the almost incredible amount of three hundred millions of gallons, and the revenue accruing from this source, if honestly collected, would yield one hundred and fifty millions of dollars per annum to the treasury, and suffice to defray the current expenses of the government. The stupendous value of this commodity and the immense fortunes that can be realized by withholding from the public exchequer the duties required by law to be paid on its manufacture, discloses the powerful temptations which appeal to the cupidity of Revenue officers, distillers and dealers, and which the frailty of their natures cannot resist.

The illicit distiller, whose operations are comparatively moderate, can afford to subsidize the Revenue officers by outbidding the government, and pay these officials a weekly stipend greater than their salary for an entire year. Considering the poor stuff of which these mercenaries are made, it could not be expected that they would not succumb to the blandishments of unstinted lucre, and prostitute their official position to the encouragement of frauds and violations of law, and become the protectors and

allies of public robbers. It is too generally believed that the plunder of the people's money is a venial offence, and men who would shrink from theft or spoilation of private persons, feel no compunctions to defraud the government and lay the flattering unction to their souls that no individual suffers from their misdeeds; that the misappropriation to their own use of public moneys will not sensibly affect any one and that the money thus furtively acquired will give them comfort, independence and importance in society, while its loss to the treasury will be imperceptible and trifling. This atrocious doctrine is not held and acted on solely by subordinate employés, but has intruded itself into Congress and the Departments. Senators and Representatives are known and designated as patrons of malefactors and participants in the profits derived from successful attacks on the Treasury. Cabinet officers, expending double their salaries in maintaining costly establishments, and having no fortune on their entrance to office, have retired from their positions in a few years with millions of dollars accumulated during their brief administrations. Members of Congress can be pointed out whose means were so limited that they were compelled to borrow the money to defray their election expenses, and yet, upon the expiration of their Congressional term they were enabled to live in luxury and indulge in European tours, palatial residences, costly pictures, silver plate, fast horses and other beatitudes, passing the remainder of their lives in elegant leisure, without toil or employment. If the fountain-

head be thus corrupt the streams issuing therefrom must necessarily be polluted, and when the chief officers of the government and the representatives of the people set the example of violating the law, robbing the treasury and accepting bribes, their subordinates will inevitably imitate their superiors, and join in the general scramble for the ill-gotten spoils.

The depravity thus prevailing in official circles, is the curse of the country, blights its prosperity and tarnishes its fame. The infamous reputation which attaches to the majority of office-holders, makes them a stench in the nostrils of men, and deters men of education, honor, refinement and ability from mingling in public affairs and aspiring to official positions. As a natural result the American government resembles the Amphisboena, in which the tail leads and the head is kept in the background. Brazen assurance, blatant patriotism, adroit chicanery, frothy declamation, insensibility to shame, insatiable avarice, want of culture, lack of refinement and rude manners, are unfortunately at present the chief characteristics of public officers, and men who would not be tolerated in a gentleman's parlor are the rulers of the country.

Congress, particularly the lower branch, is composed of men who are ambitious to retain their seats, and who come before the people every two years for re-election. Those who dwell in large cities, and who know anything of politics, are fully aware of the means by which nominations are made and elections carried. The patronage of a member of Congress is regarded as sufficiently potential, if properly dis-

tributed, to command the situation. Much of this patronage is obtained by the present system of collecting the revenue, and the vast army of office-holders will, of course, object to any system that tends to legislate them out of position. If a member advocates honesty, reform and retrenchment, the office-holders will rise *en masse* and say that they cannot and will not support any man whose efforts are directed to depriving them of their offices. Combinations are at once formed, the most corrupt influences are called into play, and the power of the government, as represented and controlled by these officials, are used to defeat the representatives who desire to honestly and faithfully serve the government in accordance with his solemn oath of office.

If a proper law were enacted for the collection of the revenue, and one might easily be framed, many of the annoyances, expenses and difficulties to which both the government and dealers are now subject, would be abolished. Under the existing law and the instructions of the Commissioner of Internal Revenue, many honorable and old-established firms have been compelled to change their mode of distillation, which has caused the deterioration of the finer brands of whiskey. Thus the Overholt brand is not worth so much by fifty cents per gallon as it would be if the manufacturers were permitted to manufacture it in their accustomed way. Some measure should be adopted to dispense with store-keepers, stamps, gaugers, locks, meters, and the ravenous hordes of moiety-sharks who infest collectors' and assessors' offices, and scent for prey like

carriage crows. The multitudinous duties required of dealers should be omitted and the Commissioner of Internal Revenue should fling away his ambition to acquire a judicial reputation by voluminous expositions of the Revenue Law, and profound disquisitions on technical points that perplex and befog the dealers. The onerous restrictions and requirements imposed on distillers render them liable to make innocent mistakes in the prosecution of their business, and whenever an error is discovered, however trivial and unintentional, down swoops the keen-scented official and seizes his entire establishment. A misapprehension of a regulation, or the non-observance of some slight technicality is magnified into a studied effort to defraud the government, and the whole weight of the Nation is brought to bear to crush the unfortunate victim. The merchant is grievously vexed and harassed by the rapacious minions and forced, perhaps, to compromise the matter by buying off his persecutors.

At the present time Western whiskey is selling in Eastern markets at ten cents per gallon less than the cost of manufacture, and yet the barrels are stamped with tax-paid receipts. In order to send liquor East at the cheap rates at which it is selling, the Western distillers must perpetrate gigantic frauds on the revenue. Yet the revenue officers, lynx-eyed in ferreting out irregularities and mistakes committed by Eastern manufacturers and dealers, utterly ignore the palpable malpractices and deceptions that prevail in the Western States.

The manner in which the Western distillers are enabled to evade the tax has recently been disclosed.

While the Eastern distiller has been compelled to make his reports in a forty-eight hour mash, the Western manufacturer has had the advantage of a seventy-two hour mash. So it can be readily seen that the West has had the benefit of one-third more time, in which they have manufactured one-third more whiskey, and yet they have reported just the same quantity as would be manufactured at the East on the forty-eight hour system. To get away with this extra one-third quantity they have transferred it to alcohol manufacturing, from which it has gone South and still further West, where it has been quickly disposed of at good and profitable figures. So careful have the Western operators been heretofore, that they have always managed to sell in the East, at a small advance upon cost, in order to avoid suspicion, but they now seem to have no further cause for such watchfulness. At least so successful have they been, so secure have they felt in having as a protector a very high official in Washington, that they are now emboldened to disregard even the price which has protected them in the heinous frauds which have been perpetrated upon the Treasury.

Western whiskey has been selling at the East at ninety-seven and ninety-eight cents per gallon, several dollars a barrel less than the manufacturing cost. Whiskey is a standard product. It is as staple as gold. It should have no fictitious value, and it cannot be sold for less than cost any more than gold. The inevitable result is that when it comes to the Eastern market

and is sold at a figure less than its cost of manufacture there is something wrong at the place from which it comes. This has been going on for some time past, yet no notice seems to have been taken of the fact. A high dignitary in the Western Distillers' Association is constantly visiting Philadelphia, New York, and Washington, and judging from his manner and conversation, there is a powerful influence near the head of the nation, working to the detriment of Eastern business men, in the interest of the West. This dignitary, recently in conversation with some members of the New York Commercial Exchange, remarked that Eastern distillers need not raise such a fuss, for they would not be able to run for some time yet. This same man can be seen every week or so in Washington, and surprising to state, in one of the rooms over the Post Office, which is occupied by some high internal revenue officers. What his object is in calling there of course can only be inferred, as no third party is ever in his company at such times.

The bill which proposes to tax distilleries upon the capacity system, based upon a forty-eight hour mash, has raised quite a tumult all over the West. In Cincinnati, Peoria and Chicago, meetings of distillers have been held, at which they have modestly offered their services to the government in detecting fraud, and in the same resolution enter their protest against a measure which prevents them from abstracting from the government thirty-three per cent. of their product. That is, they propose to defeat the forty-eight hour system. What few distilleries have been running in

the East, have been compelled by an order from Washington to adopt that regulation, and, in default of acceding thereto, no license would be granted them.

Recent developments prove that this, like the metre business, was pressed upon the Eastern men, while their brethren of the West have done just as they have chosen. Still the Western distillers protest against a law which has been in force for months in the East, and which it is proposed shall operate alike in all parts of the country. It is only now that the people at large of the East are commencing to see that a system of oppression has been in vogue for years, by which they have suffered to the extent of millions of dollars, while the West has been reaping the benefits.

There is no just reason for the proscription of one section of the country. Laws and regulations should be adopted so that they will operate alike in all parts of the Union. Certainly no reasonable answer can be given for the establishment of a regulation which is put in force in the East, while the West is allowed to go scot-free. An agent, returning recently from the Pacific coast, reported having met six thousand five hundred barrels on the way to San Francisco, which he believed to be illicit goods. This liquor was from the Ohio district, and as yet there seems to have been no exertion made to find out whether it was contraband, as the agent alleged. There is considerable doubt, if it was seized, that the public would ever know it. The chances are, that, in the event of its seizure, the country would be electrified with a despatch reporting another raid in Philadelphia or some remote portion

of the South, and the capture of a copper teapot and some three hundred gallons of whiskey. It is well known that while Eastern cities have been trampled under foot by the authorities, there never has been a seizure of whiskey of any account reported from the West, and even if there were, it has never been given to the public. The belief is that no such thing has transpired.

The Western distillers in convention assembled, recommended the re-establishment of the law tolerating the exportation of spirits in bond. This was done in Peoria, where forty-four thousand gallons are manufactured daily. If this modest request is allowed, then Mississippi and New Orleans will be used as was New York, for the exportation of thousands of barrels of water—that is, whiskey will be withdrawn from bonded warehouses for distillation, and in its place water will be returned, while the genuine stuff will be thrown upon the market. Export bonds will be taken out, and the water will be transferred to foreign ports. It is said that the cancellation of the old export bonds, on which the water was transported from New York, has not yet taken place at the department at Washington. Why this has not been done is known but to the authorities.

CHAPTER XIII.

THE WESTERN LEAGUE.

THE Revenue officials at Washington are chiefly persons from the Western States, and have proved themselves redoubtable champions of States' Rights so far as to foster the whiskey interests of their several localities, and give them the monopoly of that commodity. To carry out this sectional policy they have systematically harrassed, hampered and persecuted the whiskey distillers of the Eastern and Middle States, with the palpable design of crushing their business and compelling them to abandon their avocation. Hence these public functionaries have entered into an alliance, offensive and defensive, with the Western whiskey distillers. Through the machinations of this clique the government has been robbed of many millions of dollars. The reduction of the whiskey tax from two dollars to fifty cents per gallon, entailed a loss of twenty-two millions of dollars on the treasury; and thousands of barrels of whiskey have been transported in bond from the West to the East in violation of laws.

In the prosecution of the campaign against Eastern manufacturers, mousing Hoosiers were imported from the Western prairies and installed in supervisory positions in New York, Philadelphia and Baltimore, and in

pursuance of their instructions they have kept up a continual hue and cry over the alleged perpetration of gigantic frauds in those cities, so as to concentrate the attention of the community on these places and divert observation and suspicion from the Western contrabandists, who reaped a golden harvest from the whiskey which they sold in the Eastern markets at seventy-five cents per gallon less than the tax. The Tice Metre was impressed into the service of these schemers in executing their plot, and from this job they realized millions of dollars. The Eastern distillers were forced to close their establishments until this instrument was introduced there^m, while the Western manufacturers were permitted to carry on their operations without it. Irresponsible and unprincipled fellows were appointed inspectors and detectives, and levied black-mail on honest dealers. The Commissioner of Internal Revenue is prodigal of new and often incongruous constructions of the law, and every interpretation is framed to embarrass legitimate business operations. By the fiat of this legal expounder, wholesale druggists, selling five gallon packages of whiskey, were compelled to procure a license and put out a sign as wholesale liquor dealers. While the espionage over whiskey distilleries is continuous, vigilant and inquisitively searching, the great manufacturing establishments at the West are not visited daily, although an army of detectives, spies and informers is maintained at enormous expense to the government, and whenever any official visit is paid to these favored distilleries the proprietors are notified

beforehand of the proposed domiciliary inspection, and their affairs are arranged with due effect so as to exhibit a rigid compliance with the requirements of the law. Thousands of barrels of whiskey have been taken from the bonded warehouses ostensibly for the purpose of being rectified, and in their place barrels of water were returned. At Rio Janeiro, Hamburg and other foreign ports, millions of gallons purporting to be American whiskey are now stored, but which really are only water from the North and East, Delaware and Schuylkill rivers. It is not the law, but the regulations and interpretations of the Commissioner of Internal Revenue that renders the non-conformist liable to confiscation and imprisonment. Mere technicalities, of the most trivial character, have been magnified and transmuted into grave crimes and offences.

The practice of giving moieties to spies and informers has generated official turpitude, collusion, bribery and malpractices, and has proved detrimental to the government and merchants.

Party politics have governed the selection and appointment of Revenue officers, and consequently individuals of the most infamous class have been elevated to positions of trust and confidence, and thieves, bullies, bruisers, pimps, gamblers, drunkards, desperadoes and other outlaws, have been commissioned to discharge the responsible and delicate duties of collecting the Revenue, enforcing the law and detecting frauds against the government. Faithful officers have been ignominiously expelled from the

Revenue service for reporting the existence of fraudulent malpractices among Western manufacturers, and requesting permission to proceed to that section and expose and arrest the malefactors.

While the Revenue authorities have thus neglected the Western country and tacitly encouraged the contrabandists of that region to pursue their nefarious avocation and flood the whole country with their illicit products, they have sought to mislead the public and create a favorable opinion of their official fidelity and efficiency by penetrating and invading the devastated wastes of South Carolina, Tennessee and other sparsely peopled and decimated States. The telegraph is invoked to aid their purpose, and telegrams are flashed over the wires to the uttermost parts of the Union, of which the subjoined is a specimen:

“One collector and one pistol against thirty men, armed with muskets, and how he kept the infuriated mob at bay.”

Similar astounding despatches have been fabricated at the head-quarters at Washington, and disseminated on the wings of the lightning to appal and delude honest citizens, and by directing public attention to other points, effectually cloak the frauds and rascalities practiced at the West and cover them with the mantle of obscurity.

The honest and wise administration of the Internal Revenue would effect an annual saving of millions of dollars, and relieve merchants, manufacturers and dealers from the onerous exactions to which they are subjected, and to the merciless despotism and extortions

practiced upon them by debased wretches clad in a little brief authority.

The Eastern distillers, as a class, are in favor of the enactment of stringent laws, in order that all the whiskey produced may be taxed, but the Western fabricators are unanimous in opposition to these just measures, and earnestly resist the policy.

If the capacity of every distillery were accurately gauged, and a license fee imposed proportionate to its productive capability, the government would be enabled to secure the entire tax, and every licensed distiller would actively co-operate with the Revenue authorities to discover and crush out illicit fabricators.

Such a law, however perfect and stringent, would be inoperative or abused so long as the officers appointed to execute it were selected from unscrupulous partizans and frothy demagogues. If persons were selected as Revenue officers on account of their personal and moral fitness, and after passing an honorable examination before a board of disinterested commissioners, instituted to investigate their merits and ascertain their capacity, the Revenue service would be purified and elevated; the laws would be faithfully executed, impartial justice would be meted out to all, and discrimination, favoritism and persecution of individuals or classes would cease; the expenses of government would be diminished and its income vastly augmented.

As an incentive to those officers to acquaint themselves with the duties of their office and comport themselves with integrity, zeal, fidelity and honor,

they should be permitted to hold their positions during good behavior, and if retired from service by reason of age or disability, they should be awarded suitable pensions.

CHAPTER XIV.

SEIZURE OF DISTILLED SPIRITS IN CALIFORNIA.

AN immense quantity of whiskey, which was manufactured and owned in Kentucky and Ohio, was shipped from New York to San Francisco, where it was seized by the Collector of Internal Revenue for violation of the law. Instead of receiving official commendation for his energy, faithfulness, zeal and efficiency, the Collector was persecuted by the Revenue authorities at Washington and removed from office, and the whiskey was ordered to be released and restored to its Western owners, who were the especial protégés of the whiskey ring, whose head-quarters are established at the Bureau of Internal Revenue at Washington.

The enormity of the official turpitude disclosed by this determined effort to rob the treasury, screen offenders and crush honest and fearless officials, was fully exposed by Senator Cole, of California, in a speech which he delivered in the Senate on Friday, January 15, 1870, and which gave rise to an animated debate on the subject.

As the matter is one of momentous importance as

throwing light on the stupendous operations, unscrupulous artifices and desperate measures of the Western Whiskey Ring, a full report of his speech is transcribed from *The Daily Globe*:

Mr. Cole moved that the Senate proceed to the consideration of the joint resolution relating to the seizure of distilled spirits in California, and in support of his motion spoke as follows:

"Mr. President, before the Christmas holidays I sought an opportunity to call up this resolution for the purpose of referring it to the Committee on Retrenchment; but the pressure of executive and other business crowded it out, and I now avail myself of the first opportunity to carry out the purpose then entertained of making a statement of the reasons that induced its introduction.

"As stated in the preamble, a large amount of distilled spirits were seized a short time ago by the Collector of Internal Revenue in San Francisco, for alleged violation of law in reference to the payment of taxes. These spirits were shipped to California from the Atlantic side, I believe from the port of New York; but they were manufactured and mostly owned in Ohio and Kentucky, the business being done through liquor houses in New York and San Francisco.

"The quantity seized was some thousands of barrels, worth toward a quarter of a million dollars, and, as might have been expected, so large an interest called for the most strenuous exertions to obtain its release. The faithful and resolute officers making the seizure

came in for an ample share of abuse from the owners of the liquors and their agents, and when all those means failed which always fail when attempted upon conscientious officials, the graceless business of breaking down and removing those officers was vigorously entered upon.

"The Supervisor of the Pacific coast, a competent officer, was invited to resign, and the Supervisor from the District of Columbia and Maryland, a Mr. Fulton, accompanied by a General Cowan, from Ohio, to act as his clerk or aid, were sent out to California for the ostensible purpose of investigating Internal Revenue matters there. The sequel shows how faithfully they performed their work, and possibly what the real object of their mission was.

"It should be remarked in passing that those gentlemen had been in California but a short time, when General Cowan, though an entire stranger, was nominated and appointed Supervisor for that State; so that we were favored at once with two officers of the same grade, both exotics, the one from Washington but formerly from Ohio, and the other from Washington or Ohio, as is most convenient, both good men and true, no doubt, true to the interests of Washington and Ohio, if not of California. These things occurred less than two months ago, but excited not much attention until what appeared to be sinister purposes began to be developed in the transaction.

"As a representative of the Pacific coast, and naturally feeling an interest in the good name of that section, I was not a little mortified and astonished to see in the *Chronicle* of this city on the 25th of No-

vember, under the head of 'Department—Official and Political,' the following, evidently intended to pave the way, a sort of forerunner of an anticipated result :

“ ‘ *Supervisor Fulton's visit to California.*—Mention was made in the *Chronicle* recently, that Supervisor Fulton, of the District embracing Delaware, Maryland and the District of Columbia, had been dispatched to California by Commissioner Delano ; but the object of the visit then appeared to be secret, some being of the opinion that it was merely intended to be one of those official visits embracing more of pleasure than business. It now appears, however, that Commissioner Delano, in this instance, as in all others, ordered the visit with purely business intent. In fact, Commissioner Delano had received information that pretty well satisfied him of the existence, in that region, of immense frauds on the Revenue, and he determined to fully bring to light and expose them, and if possible bring the perpetrators to justice.

“ ‘ During the latter part of 1868, the government ordered to that country a special treasury agent named Samuel Purdy, with instructions to look after the interests of both the Internal Revenue and Custom Departments, and an extended printed report was submitted by him to Congress, at the request of that body. Statements therein embraced and sworn to left no room for doubt that fraudulent transactions had been indulged in in that State, and that there were officers of the government deeply interested. Some of this class of men, it is believed, are in office yet, and Supervisor Fulton will give them his attention.

“ ‘ In Mr. Purdy’s investigation he was assisted by Revenue officials, who appeared to do so in good faith, but who, it was soon ascertained were only endeavoring to retard the examinations and to lead the investigators astray. Bonded warehouses containing some five hundred thousand gallons of spirits were thoroughly inspected, and soon fully sufficient frauds appeared to cause Mr. Purdy to carry the matter to the courts. During the judicial investigations it was soon made manifest to the prosecution that several United States officials had privately obtained confessions of judgment by threats and otherwise where no frauds existed. Distillers who were afraid that some phase or technicality of the law might operate harshly against them were led into these confessions rather than stand the test of the law and probably heavy costs attending a proposed compromise. No receipts were passed in many such cases, and consequently no returns of money were made to the proper authorities. In some of these cases, it appears from this printed report, well paid witnesses appeared on the stand, and the acquittal of accused and guilty parties was the result.

“ ‘ From San Francisco fine liquors were shipped in bond, but when the vessels would arrive at their destination the casks were discovered to contain water only, which naturally led to the belief that the liquors had been drawn out at some intermediate point on the voyage, and the consequent vacuum supplied with water.

“ ‘ It is estimated that the covering up, at least tem-

porarily, of many fraudulent transactions cost the perpetrators many thousands of dollars. At all events rich developments are expected to be made to the Internal Revenue Bureau within a few weeks, by Supervisor Fulton, for he is one of the most energetic officers in the service of the Internal Revenue Department.'

"Knowing some of the statements in that article to be entirely false and a portion, at least, of the insinuations to be utterly groundless, I could not but suspect that some motive, not altogether justifiable, instigated its publication.

"The information in the article, beyond question, emanated from some one in the Internal Revenue Bureau. The whole tone and tenor of the tirade demonstrate that fact. 'Commissioner Delano,' says the writer, 'in this instance, as in all others, ordered the visit of Fulton with purely business intent,' and no doubt it was true he meant business. But the writer continues:

"'In fact, Commissioner Delano had received information that pretty well satisfied him of the existence, in that region of immense frauds on the revenue, and he determined to fully bring to light and expose them, and if possible bring the perpetrators to justice.'

"That sounds well at least; it is positively good. It is in the highest degree patriotic. It is the duty of every officer of the government and every citizen to bring to light, expose and punish frauds upon the Revenue, and I freely promise the Commissioner my support in all such exertions; and that is my task at

present. If it should turn out, however, that the frauds were not 'in that region,' California, but in the region of Cincinnati, Louisville, New York, and other places on this side of the continent, it may be some relief, but it will be no gratification to my constituency. They are not a people to rejoice in the calamity of anybody. While they love justice they do not exult over the misfortunes or misconduct of their fellow-men.

"We were promised 'rich developments to be made to the Internal Revenue Bureau within a few weeks by Supervisor Fulton.' The few weeks have now past, and we are having some rich developments, but not so much affecting the officers and people of San Francisco, as the officers and people closer at home.

"A report of Samuel Purdy, who was sent to California under Johnson's administration to make up charges against faithful officers there, who did not agree with that administration, was made the pretext, in part, for the mission of Fulton. The trifling, *ex parte*, and exceedingly unfair report of Purdy was already here. It had been printed on the motion of a reputed Republican member of the other House, no Democrat, I presume, being found so completely imbued with injustice as to call for the promulgation of so iniquitous a document. It was thus paraded before the world, but to every impartial mind bore upon its face the plainest evidences of the malevolence that instigated its production. Fortunately for the interests of the government and the reputation of the officers the antidote accompanied the intended poison.

"Some of the officials who were the object of Purdy's pointless shafts are the same who have lately seized the whiskey in San Francisco, and it is concerning them that 'rich developments' by Supervisor Fulton were promised. The happy idea was conceived by some one in the interest of whiskey and political wickedness, that the secret, *ex parte*, star-chamber-report game might be played over again, and perhaps this time with better success, in which event certain officers would be removed, and near a quarter of a million dollars' worth of fraudulent whiskey would certainly be released from custody.

"Of this Supervisor Fulton I know but little, but something. He is pronounced in the article above quoted, 'one of the most energetic officers in the service of the Internal Revenue Department.' This, however, I do know of him, that before he proceeded on his mission of rich development to California he had full and free conferences in this city and in Baltimore with the agents and attorneys of the parties whose whiskey was under seizure. His going on that mission was known to them some time before his departure. It was known to them soon after, probably as soon as his going was concluded upon, the principal attorney of the whiskey party being early put in communication with said Fulton by the Commissioner himself.

"On his arrival in San Francisco he immediately set himself about making so much of an investigation of the seizures, and no more, as would afford him a shallow pretext for recommending a release; and he

did recommend to the Department in Washington a release of the spirits without giving the seizing officers the least opportunity to present facts in justification of the seizures. Those officers endeavored, time and again, to induce this Eastern emissary to hear the reasons for their action, but in vain. It seemed to be no part of his errand to ascertain from the only proper sources the grounds for the seizures. The officers proposed to demonstrate by redistillation in his presence, by the analysis of the best chemists, and in various other ways, the correctness of their procedure, but all appeals to the justice of this energetic supervisor were useless. In the shortest time that could at all be justified, his report is forwarded to Washington recommending a release of all the spirits. Upon that report its discharge has been recommended by the Internal Revenue Department, as I am informed from various sources, as well as by the following, which appeared in the city papers December 25th, last month, a sort of official statement, headed 'Department—Official and Political :

“*Internal Revenue Affairs in California.*—A Washington correspondent telegraphs that Supervisor Fulton, of Baltimore, who went to San Francisco a short time ago to examine into Revenue matters there, especially in regard to whiskey shipments to that section, has forwarded his report to the Department. It appears that the California Revenue officers in attempting to protect local distillers have embarrassed the receipt of spirits from the Atlantic States by seizures, thus provoking dissensions between the mercantile interests

of the Pacific coast and the merchants of the East. Supervisor Fulton recommends the release of the whiskey seized. The report and recommendations have been submitted to Commissioner Delano, and a commission of Revenue Bureau officers have approved and confirmed them. The matter has also been submitted to Secretary Boutwell, and there is no doubt he will concur in the recommendations also. Steps will be taken to prevent the annoyance to Eastern shippers in future.'

"The steps here promised to prevent annoyance to Eastern shippers in the future are doubtless to have officers on duty in California who will not annoy such shippers, even if the officers have to be imported from Ohio and Washington. If the offices in California can be filled by agents of the Western whiskey owners, or at their dictation, such annoyance in the future will cease. But the release of the liquor has not yet been actually effected, the case, being now, as stated, before the Secretary of the Treasury. It was upon the presumption that the matter would be determined by persons subordinate to the honorable Secretary, or that in the multitude of most arduous duties devolving upon that very distinguished and reliable officer it would be impossible for him to make a personal examination of this case, that I presented the resolution. Had I felt that he could give the matter ample attention I might have foreborne the step, though it was loudly called for by the report of Supervisor Fulton, the recommendations of the solicitor of the Internal Revenue Department, and others.

"Seeing a great wrong about to be perpetrated upon my constituency, I interposed this resolution to prevent it if possible. The resolution, I hope, will be referred, as all joint resolutions by the rules must be, when the Committee can, make needed alterations, and then I hope it will pass.

"In justice to the officers in San Francisco I now give the following telegraphic correspondence between the office of the Revenue Collector and the Commissioner at Washington.

"On the 29th of July the following telegram was sent :

" ' SAN FRANCISCO, *July 29, 1869.*

" ' HON. C. DELANO, *Commissioner, Washington :*

" ' Several hundred barrels of low-proof whiskey landing here from Ohio, Kentucky and Illinois, in original warehouse packages, pronounced by experts to be rectified. What shall I do ?

" ' L. CURTIS, *Deputy Collector.*'

"Answer :

" ' WASHINGTON, *July 31, 1869.*

" ' L. CURTIS, *Deputy Collector, San Francisco :*

" ' Analyze contents, and if found to contain any foreign matter or to be rectified, seize and report finally.

C. DELANO, *Commissioner.*'

"Mr. Curtis then placed samples in the hands of several chemists, and received the following certificates from them :

" ' SAN FRANCISCO, *July 30, 1869.*

" ' SIR: The sample of high-wines on evaporation leaves

a residue of eighty-five hundredths of one per cent. of sugar and a little coloring matter.

“ ‘Yours, respectfully,

“ ‘JAMES HOWDEN.

“ ‘HENRY P. WAKELEE, Esq.’

“ ‘DEAR SIR: The above statement is the result of analysis of the sample of high-wines you left with me, by my chemist Mr. Howden.

“ ‘Yours, respectfully,

“ ‘H. P. WAKELEE.

“ ‘Mr. CURTIS.’

“ ‘STATE ASSAYER’S OFFICE,

“ ‘SAN FRANCISCO, *August 5, 1869.*

“ ‘DEAR SIR: I have carefully analyzed the sample of alcohol marked “Stag Head,” placed in my hands for examination by you, and find the same to contain one-fifth of one per cent. of sugar.

“ ‘Respectfully, yours,

[Seal.]

“ ‘LOUIS FALKNEAU,

“ ‘*State Assayer.*

“ ‘Mr. L. CURTIS.’

“ ‘Several experts were consulted, all of whom agreed in pronouncing the liquors rectified liquors ready for delivery as beverage over the bar.

“ ‘In compliance with the above instructions Mr. Curtis seized about two thousand five hundred barrels of whiskey. This took place about the 12th and 15th of August; and so the matter rested until it was determined that by hook or by crook these spirits should be released.

"After making the seizure Mr. Curtis reported the same to Commissioner Delano, and on the 16th day of September he sent samples of the principal lots seized, with a copy of the certificate of analysis, and asked that the matter be left to the decision of the United States courts. The law requires that spirits shall be run directly from the still through closed pipes to a receiving cistern in a room of which a United States officer keeps the key; it is then drawn off into barrels and immediately placed in the distillery warehouse, first affixing the warehouse stamp, and it remains in custody of the store-keeper till the tax is paid, when a tax-paid stamp is affixed, and the spirits are then delivered to the owner. Up to this time it will be observed that the spirits contained in those casks and represented by those stamps must be pure high-wines. If after that it undergoes any change, either by re-distilling, sweetening, or coloring, the warehouse and tax-paid stamps must be erased and a rectifier's stamp put on. Under this interpretation of the law the seizure was made.

"And a more careful, dispassionate, and deliberate procedure can hardly be pointed out in the whole history of the Revenue service. Every step was taken that could be taken to determine the fraudulent character of the spirits, and when that fact was determined beyond a peradventure and by the direction of the head of the bureau the seizure was made, but, of course, without the expectation that strenuous exertions would so soon be made from the same source for the release of

the property and the destruction of the officers seizing it.

“Justice to my constituency requires that I should take notice of the following despatch, which bears the distinct ear-marks of an emanation from interested parties here:

“‘CHICAGO, *December 22.*—The *Tribune's* Washington special despatch says Supervisor Fulton, who went to San Francisco in reference to the large seizures of Eastern whiskey belonging to Kentucky and Ohio parties, reports to Commissioner Delano recommending the release of the whiskey. He expresses the opinion that the shipment from New York was in regular order, and the change in the color complained of as evidence of fraud was due to charring the barrels. The evidence goes to show that the Deputy Collector was in a plan to drive out and keep out Eastern whiskey. It is also charged that leading financial influences in San Francisco combined for that purpose; and as a part of that scheme no quotations of whiskey appeared in the papers of that city for three months. When the late removals of Revenue officers were made three different names were submitted to Commissioner Delano by the “ring,” but on investigation it was discovered that charges were pending against each of the persons recommended, which, if proved, should send them to the penitentiary.”

“I hold in my hand files of the Commercial Herald and Market Review and San Francisco Market Review which show that full and complete quotations of whiskey have appeared regularly in the papers of San

Francisco. The other leading papers of that city exhibit the same fact, and that misstatement is fully exploded.

"The statement that there 'was a plan to drive out and keep out, Eastern whiskey, is equally groundless. The plan is to compel Eastern whiskey to pay the just exactions of the Government as the whiskey manufactured in California is compelled to do, nothing more. When it has done that it will find as uninterrupted a market in California as in any other part of the country, whatsoever. So far from there being a plan to drive out Eastern whiskey, no person on that side of the continent, except the seizing officers, knew anything about it, and so far as they know the Commissioner alone on this side knew of it.

"It is heralded to the world that "three different names were submitted to Commissioner Delano by the ring." What ring? The names were submitted by me alone, for their eminent fitness, and without consultation with any one, and not in pursuance of the request of any person. But such are the desperate straits to which the whiskey interests are driven and such their base resorts.

"The office of Collector of Internal Revenue in San Francisco became vacant December 8, by the death of the incumbent; and not only three names, as stated in that dispatch, but an additional half dozen of the most reputable citizens of California were submitted in turn to fill the vacancy, and it will astonish many good people to learn that those names were all sent by Commissioner Delano through the telegraph to these stran-

gers from Ohio, Fulton and Cowan, to report upon their fitness; and that those worthies reported that they were all unfit men, and some of them, not naming which, were guilty of crimes. The names so submitted were all gentlemen of the highest character and most unblemished reputation in San Francisco, where they reside; but these Ohio whiskey emissaries have the unbridled audacity and unparalleled impudence to pronounce them unworthy the trust for which they were named. But 'steps were to be taken to prevent annoyance by eastern shippers in future.'

"Millions of dollars have been made by sending untaxed whiskey to California, and the business must not be interrupted. The Government has been defrauded out of these millions, and this cheating must be continued. To accomplish these ends the whiskey thieves, the defrauders of Government, must have the selection of their own agents to fill the offices in California; and before the death of the late lamented Collector Rawlins—as honest a man as his most excellent brother, the late Secretary of War—it was determined by Fulton and Cowan to remove him and put in his place one who could be more easily handled for their interests.

"I confidently expect the co-operation of the Senate, and of the President, and of the Secretary of the Treasury, to prevent a consummation of these outrages. No community in this Republic has ever before been subjected to such indignities. The magnitude of the insult is only equalled by its boldness, its audacity.

"The impression is prevalent that the tax upon dis-

tilled spirits is collected up pretty closely under the present administration of the internal revenue office. This is a mistake; a very large amount escapes taxation entirely. The popular error arises from the fact that during the fiscal year ending June 30, 1868, the tax collected upon spirits amounted to only eighteen million six hundred and fifty-five thousand six hundred and thirty-one dollars; whereas during the next fiscal year (the last) the amount from the same source was forty-five million twenty-six thousand four hundred and two dollars. But to reach the true state of the case it should be borne in mind that on the 1st of July, 1868, twenty days before the passage of the law reducing the tax upon spirits from two dollars a gallon to half a dollar, there were in bonded warehouses well secured for taxation, the enormous amount of twenty-seven million two hundred and seventy-eight thousand four hundred and twenty gallons. The tax upon this at that time would have amounted to fifty-four millions, five hundred and fifty-six thousand eight hundred and forty dollars, which, added to that actually collected, would have summed up for that year seventy-three millions two hundred and twelve thousand four hundred and seventy-one dollars. But the spirits in bonded warehouses were required by the law of July 20, 1868, to be withdrawn and the tax paid thereon before the end of the last fiscal year; so that the tax upon this large amount in warehouse was added to the tax upon the manufacture of that year, and there has actually been collected upon the manufacture of the last fiscal year, the tax upon considerably less than

forty millions of gallons. It is true that during the same period, there were manufactured, in addition, some sixteen million gallons, which remained in bonded warehouses, tax unpaid. It appears, therefore, that the total amount of distilled spirits accounted for to the revenue department for the year ending June 30, 1869, of the manufacture of that year, was less than fifty-six million gallons. The amount of distilled spirits produced in the year 1860 was eighty-eight million two thousand nine hundred and eighty-eight gallons.

"The product has been steadily increasing, and it must be apparent to the most casual observer that many million gallons escape taxation every year even under the present moderate exaction of fifty cents a gallon. But at the low rate of fifty cents a gallon the tax is one hundred per cent. *ad valorem*, a rate which has afforded a sufficient inducement for an evasion of the tax laws when applied to other articles whether of domestic or foreign production; and the history of this article will show that it is not the least liable of all commodities to escape taxation. I regard it as a fact quite indisputable that the revenue is defrauded out of millions of dollars, due upon whiskey, annually. Only a few days ago we read in the papers that "an investigation into the affairs of a single whiskey manufacturing firm" in Cincinnati, "shows that its profits during the year amounted to nearly a million dollars, upon which no tax has been paid;" and it was stated that other developments, no doubt "rich developments," were anticipated in the

same quarter. These vast whiskey frauds in Ohio will account, in some degree, for the shipment of free spirits from there to the Pacific coast. The amount of fraud upon the revenue in that quarter is immense.

"These Cincinnati frauds, it appears, were discovered during the absence from 'that region' of Fulton, and Cowan, and Barnes, and Smith, and Dunn, and Heaven only knows how many more, who were searching in vain for some dereliction of duty on the part of the officers in California. The question very naturally suggests itself why such very vigilant officers and so many of them, did not make these discoveries before they left this side of the continent; and persons might be uncharitable enough to conclude that if they had remained at home in Ohio, the frauds there never would have been discovered.

"The 'rich developments' promised for them in California by the departmental writer in the *Chronicle* has resulted in the arrest by them of two small boys, in San Francisco, for selling matches without a license. These two poor little lads were taken with pompous show before a United States Commissioner, examined, and in default of bail were sent to prison. This, so far as I have been able to learn, is the extent of the development of fraud in California by these five astute Ohio whiskey detectives.

"Failing to find any ground of complaint against the officers who had captured their fraudulent whiskey, they, as in duty bound, cast wildly about them for an opportunity to wreak their impotent vengeance upon somebody else in California. But before

their work was completed, while they were yet in the midst of their business, and the day after this resolution appeared in the San Francisco papers, one of the five, the newly made supervisor Cowan, posts back in hot haste to Washington, and has been here already several days, avowing his purpose to be to secure the confirmation of a certain person for Collector, whom I avow to be the selection of Fulton, Cowan and company.

"Do you believe, sir, that Ohio whiskey had anything to do with their mission? If not, why comes this B. R. Cowan from his new field of duty, with so much speed, back to this capital, when the plan for the release of the whiskey is interrupted? Why this marked, this manifest solicitude in particular circles to release the whiskey and to destroy the reputation of our officers?

"The only justification before Heaven or humanity for this extraordinary conduct would be the development of some marked official misconduct in the office of Internal Revenue Collector in San Francisco; but, sir, I am informed, and I have sought information upon the subject, that after the most strenuous exertions of this brigade of spies and detectives from Ohio, only a very few most trifling irregularities are reported, and these without any opportunity for explanation on the part of the Collector's office or parties accused.

"I assert it as my belief that no Internal Revenue Collector's office in Ohio, or in any other part of the United States, has been more ably and faithfully ad-

ministered than the one in San Francisco; and in this I am sustained by the facts.

"A larger amount of tax had been collected there than in any other city of equal wealth and population, and notwithstanding the changeable character of the population, the assessments are collected up closer there than in any city of which I can find the returns and at a smaller percentage of cost than in other districts where about the same amount is collected. During the last year of the high tax upon whiskey, this part of one Congressional district, San Francisco, paid within a small amount as much tax upon that commodity, as the ten metropolitan districts of New York city and Brooklyn, including the celebrated thirty-second district. In fact, while the whiskey tax was evaded everywhere else, in California it was and has always been honestly and squarely paid.

"In the long and tedious process of sending whiskey from the distillery in Kentucky or Ohio, by way of New York and Cape Horn, to San Francisco, many opportunities are afforded for evading the tax upon it in whole or in part, and California is literally flooded with untaxed Eastern whiskey, while her distilleries are compelled to lie idle and her grain permitted to fall to the earth for want of a market. If the whiskey shipped from the East to the Pacific coast paid its tax as does that which is manufactured in California, the latter would not be driven out of the market as it is. Grain is abundant and cheap in California. It is cheaper there than anywhere else in this country; labor also is as low in that State among the Chinese,

and capital is not wanting to run distilleries. The climate is unsurpassed for the business of distillation, and yet near three million gallons have been sent from this side to supply that market during the last year. When it is considered that these spirits are taken from some interior town in Ohio or Kentucky and transported to Louisville or Cincinnati, thence to New York city by rail, and thence all the way round to San Francisco, eighteen thousand miles, incurring the heavy expense of carriage by railroad as well as by sea, repeated storages and drayages, leakage, freight, insurance, interest on the investment, and commissions, the conclusion forces itself upon one's mind, that if they honestly pay their taxes they cannot successfully compete with the California production, the original cost of which is lighter and the quality equally good if not better.

"To my mind there is no doubt that a very large proportion of the spirits shipped to California from the Atlantic side escapes taxation, and such is the conviction of the people I have the honor, in part, to represent; a conviction which the mission of Fulton, Cowan and company is but poorly calculated to dispel. But if there were any doubt after this synthetical statement of the case, it would be removed by the analytical process of investigation which has been applied to it by most skilful chemists in San Francisco, who, one and all, pronounce it to be different material from that indicated by the stamps on the packages.

"After a word or two in vindication of the officers and people of California I am done for this day. I shall

indulge in this because of the statement, evidently emanating from the Internal Revenue Department, that, "immense frauds on the Revenue" have been perpetrated in California, an allegation in my opinion made to divert attention from the truly immense frauds elsewhere, not only upon the Revenue but upon the people of California, and because of the threat, emanating from the same source, to bring to justice the faithful and fearless officers of the Revenue in California, a threat, as I regard it, intended to conceal the real perpetrators of frauds.

"In vindication of both people and officers I shall content myself with pointing to their records, and I shall be happy, indeed, if their assailants can find an equally ready vindication.

"California in population and wealth is far down in the list of States, but she ranks seventh in the amount of Internal Revenue paid. As a community she is so poor and capital so scarce that money readily commands from one and a half to two per cent. a month in her principal marts, and even higher rates in the interior of the country, and yet she pays within a million or so dollars as much as the great and wealthy State of Illinois, with five times the population, five times the wealth, and a representation in Congress of sixteen members. California has but three Representatives in the other house; Ohio has nineteen. California, I have already said, is a new and poverty-stricken State, but California pays more than half as much Internal Revenue as the great and wealthy State of Ohio. California paid last year seven millions thirty-five thou-

sand eight hundred and eighty-eight dollars and eighty-two cents, while Ohio, with a population and wealth more than six times that of California, paid only twelve millions five hundred and thirty-four thousand nine hundred and fifty-six dollars and forty-five cents. If taxation were to be equal and uniform throughout the Union, Ohio, at the rate imposed upon California, ought to pay more than forty-two millions, instead of twelve millions five hundred thousand dollars. How is it that the Ohio people escape these thirty millions of dollars Internal Revenue tax, or how is it that California yields five million dollars more than her due proportion? It is, sir, because her officers are faithful and administer the law according to the letter and the spirit. And yet that people are subjected to indignity and insult. They are annoyed beyond endurance by men sent out there in the character of sneaking spies and informers.

“If there has been dereliction of duty in some of the offices in California it has not, to my knowledge, been made the subject of complaint on the part of the Internal Revenue Bureau against those particular officers. That there are a few unworthy men in that branch of the service in California, legacies of the Johnson administration, as a rule, I am prepared to believe, and have often represented the facts to the head of that Bureau, but without the least avail. I make this statement because I am unwilling longer to be held responsible before my constituency for such apparent neglect of duty. I have found instead of a disposition to displace bad officers, only a determina-

tion to interfere with the good ones, the persistency in which can find no explanation in justifiable motives.

“ Mr. President, this is a matter in which, in the first place, the officers making the seizures are interested to the extent of their good name at least, but how much further I know not. The facts already detailed in reference to the character of the spirits raises a sufficiently strong presumptive case against the honesty of their importation; but I find in the regulations issued by the office of the Internal Revenue a declaration that ‘ The absence of this stamp (for rectified spirits) from a cask of rectified spirits is evidence of a change of package, and will justify a seizure, if the package is not marked and branded as required by section forty seven.’ ‘ A neglect or failure to comply with the requirements of section twenty-five, on the part of a rectifier or wholesale liquor dealer renders him liable to the forfeiture of all the spirits owned by him or in which he has any interest, and to a penalty of one thousand dollars. The attention of all officers of Internal Revenue is specially called to these instructions,’ &c. If the Internal Revenue officers of San Francisco, with these instructions before them, had neglected to make the seizures, it would have been good ground of complaint against them, indeed, much better ground than supports all the complaints yet made against those same officers.

“ In the next place, this is a question in which the distillery owners in California are interested. They complain of the too palpable unfairness of allowing large quantities of spirits, which have escaped taxa-

tion, to be brought to their very doors for sale, while their capital lies idle, they being compelled to pay the tax upon all their production.

“Third. It operates to the injury of the farmers of California. Every man there who raises a bushel of grain that might be converted into spirits has a stake in the question. It is a notorious fact that large quantities of grain in that country fall to the earth for the want of harvesting, and that immense piles of it in sacks, along the rivers and railroads, perished in the rains of last autumn for the want of a market. Considerable relief would have been afforded had there been a demand for this grain for the purposes of distillation.

Fourth. Every citizen in California is interested in this, not alone upon the principle that an injury to one is an injury to all, but for the more direct and conspicuous reason that millions of dollars are drained off annually to pay for bad, compounded, and poisonous liquors, foisted upon them in place of the pure and comparatively harmless product of their own coast.

“In the fifth place, the people of the whole United States, every tax-payer and person for whom taxes are paid, is interested in this to the extent that taxation should be equal and uniform throughout the country. The escape of one people or class of people increases the burdens upon all others.

“And finally, the present Administration is interested in this matter. The preservation of a reputation so exceedingly brilliant in almost every respect is somewhat involved in the proper execution of these whis-

key-tax laws. It was the shame of the late Administration that it failed to collect the tax upon whiskey. It was boldly proclaimed that such tax could not be collected, and in the face of that disgraceful confession the tax was reduced from two dollars to fifty cents a gallon. At the same time with the reduction the machinery for collecting was vastly improved; but it is still far from perfect, since large quantities yet escape.

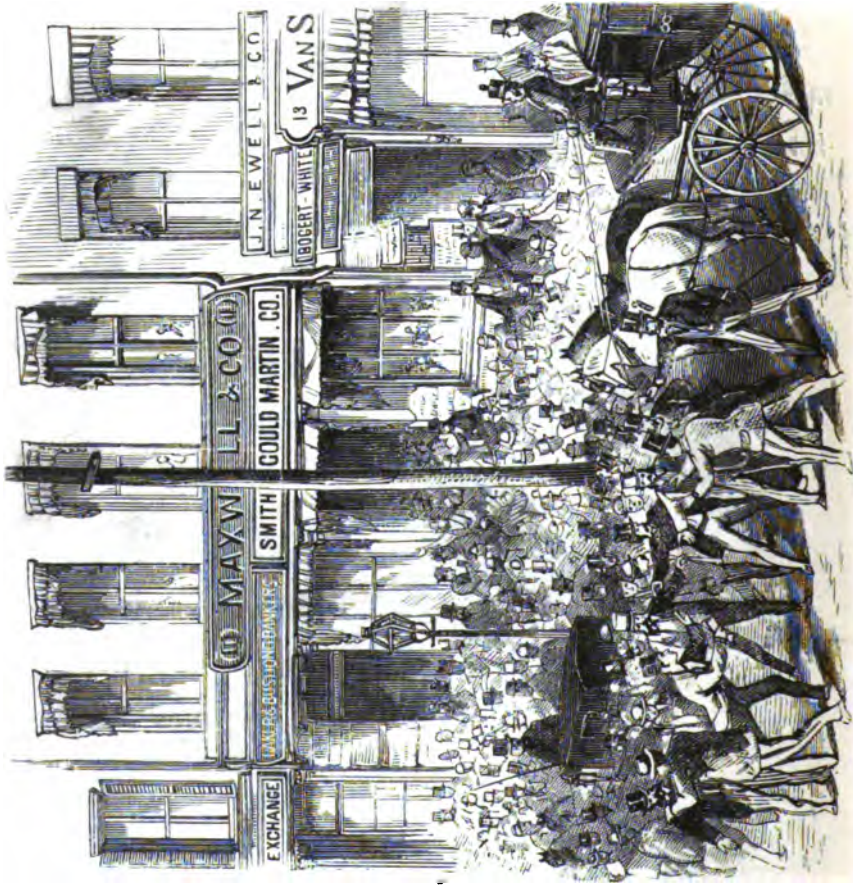
“When the evidence of this is as clear as the noon-day sun; when the proof seems to be positive of the infraction of the law, if the matter is not left to the determination of the proper tribunals of the country reproach upon the officers of the Government is sure to follow.

“In order to illustrate the magnitude of this question, I quote a line or two from the *Sacramento Union* of recent date. The writer says:

“‘I have compiled the following figures from the books of the Custom-house and Internal Revenue Departments for California. Imported during 1869: brandy, two hundred thousand eight hundred and fourteen gallons; alcohol, seventy-five thousand gallons; whiskey, two millions six hundred and sixty-seven thousand four hundred and seventy-six gallons—the total importations being two millions nine hundred and forty-three thousand two hundred and six gallons of spirits, which, with duty paid, worth on an average two dollars per gallon, amounts to five millions eight hundred and eighty-six thousand five hundred and ninety-two dollars, or nearly equal in value to all the

wheat we have exported this year. This comparison will show the importance of this "whiskey war."

"The question is, therefore, one of very great interest to the Pacific coast. It is far greater than simply a test of the ownership of the spirits now under seizure. It is not merely to determine whether this one hundred thousand gallons should be forfeited or not; that is comparatively trifling. The question involved is: Shall the Pacific coast be flooded annually with three million gallons of bad whiskey, and our usually stringent money market be subjected to a drain each year of several million dollars to pay for that whiskey while our distilleries stand idle, while our laborers are unemployed, and our grain perishes for want of a market? This thing has been going on for years; it has gone too far already. California has suffered enough by it; and I give notice now to all parties concerned, owners, agents and officers, that, if I can enforce it, Atlantic whiskey must either pay its taxes in the future or find a market elsewhere than in California. She shall no longer, without protest, submit to insults and biting indignities in order that Western whiskey rings may grow fat out of the wrongs perpetrated upon her."



SCENE IN WALL STREET DURING THE GOLD EXCITEMENT.

CHAPTER XV.

THE GOLD RING.

SINCE the close of the war, and notably within the past year, Wall street has been the theatre of unprecedented and astounding financial operations and reckless speculations, as foreign and repulsive to regular business and legitimate traffic as the operations of a gambling hell are to the careful operations of a thrifty and honest tradesman. They have been carried on in violation of everything like business, morality, honor, or good faith, and with utter contempt of public and private interests. Stocks, gold, everything that could be manipulated by "rings," "gangs," and "cliques," have been "dealt in" at prices having no sort of relation to their real value, and forced up and down by every device of cunning and unscrupulous men, and by means which, reacting on general interests, have unsettled legitimate business, and brought uneasiness, embarrassment and disaster on thousands engaged in lawful industry and sound and useful enterprises. Money has been made scarce and "locked up" by unholy combinations, so that the ordinary operations of trade and industry could not be carried on, except at ruinous sacrifices. We have seen the *bona fide* holders of railway and other securities defrauded out of half their property by fraudu-

lent or surreptitious issues of stocks, whereby their amount was doubled in the market, and their value proportionally diminished. We have found the price of gold kept at an unnatural premium and the value of the currency accordingly depreciated, by a gigantic system of gambling in gold, and by fictitious sales of tens of millions by men unable to pay their tailors. All this with a lowering of the sentiment of honor and with general demoralization, has made Wall street and its neighborhood something far worse than the "den of thieves" into which the Jews had converted the sacred precinct of the Temple.

But reckless speculation, extravagance and fraud, we are bound, by all the teachings of history and by all experience, to believe must sooner or later bring ruin and disgrace in their train. Time has approved the teachings of history and the results of experience once more in a startling and emphatic manner. Disaster, heavy and complete, has fallen on the "gangs," the "cliques," and the "rings" that have so long held high and unchecked carnival under the shadow of Trinity steeple. After defrauding the public for years, they have at length fallen out among themselves, torn down their own perilous structure on their own heads, a hopeless ruin. Appalled and aghast, they ran hither and thither, some with despairing cries, some with mad ravings, and others in blank despair. Some drowned reason and consciousness in drink; others frantically or in moody seclusion threatened or meditated suicide.

Meantime let the people look on and laugh. Let

them mock and deride their plunderers, the thieves of their earnings, the assassins of their industry.

The scorpion has stung the serpent, and the snake has bitten the scorpion. Let us hope that fang and sting may prove equally deadly.

The month of September, 1869, will ever be memorable for the stupendous gambling in gold that infected the community, and whose baneful effects scattered colossal fortunes like chaff, and prostrated bankers and business men like trees torn from their roots and hurled prone upon the earth by the irresistible force of a tornado.

On Thursday, September 24th, the excitement in Wall street centred in the Gold Room, where, from half-past eight in the morning until nearly dark, the bulls and bears bellowed and roared with marvellous vigor of lung. First the bears gained a slight advantage, at one time crushing the price down from one forty-two and a half, to one forty-one in a twinkling; but before they had time to glory in their victory the bulls rallied in force, and in a second the indicator turned upward. Every rise was greeted with groans and yells, and cheers, and cries of exultant delight. Around the fountain in the Gold Room, where the brokers do their buying and selling—sometimes “doing” each other as well—the scene recalled the stirring times of the war, when a rise or fall of ten per cent. was not unusual.

The voices of the contending parties could be heard plainly in Broadway.

Opposite the Gold Room, near the Bank Exchange,

on New street, a multitude of outsiders gathered early in the morning—an hour before the opening of the Board—and renewed the old-time sport of betting on the indicator. One man, when the Gold Room indicator marked one hundred and forty-one and three-quarters per cent. premium, wagered twenty dollars that it would show forty-two within three minutes. "Taken," said another, and out came watches, and the gamblers watched the indicator with profound interest, as though they had two millions at stake instead of twenty dollars. During the whole day, this betting was kept up and large amounts changed hands. One bet of twenty to fifty dollars that during the day the indicator would make a "clean jump" of one-half per cent. premium, was eagerly taken.

It was a significant fact that more than two-thirds of the brokers arrived at the Gold Room before 8.30 A. M., and before nine gold was sold in large amounts and at figures considerably in advance of the quotations of Wednesday night.

The brokers were exhausted by heavy dealings, and the market, though continuing active, closed depressed and uninviting. Early in the day gold opened at one hundred and forty-one and five-eighths per cent. premium, but quickly dropped one-half per cent., when, under the influence of the well-authenticated rumors that the Secretary of the Treasury would anticipate the payment of the November interest, a large short interest was created, the amounts offered being taken by the bulls. About eleven o'clock the appearance of a prominent bull

operator in the room was the signal for an upward movement, and the price suddenly rose from one hundred and forty-one and three-eighths to one hundred and forty-two and one-quarter per cent. premium. From this point, the bears having been temporarily demoralized, a further rapid rise was effected, with little opposition, until the quotation reached one hundred and forty-four per cent. premium, when the bears rallied in force and a desperate struggle ensued.

In less time than required to record these changes, the price fluctuated between one hundred and forty-four and one-quarter and one hundred and forty-two and seven-eighths per cent. premium, finally ranging at one hundred and forty-three and one-half and one hundred and forty-three and one-quarter per cent. premium. The bulls, having proved themselves sufficiently powerful to control the market, quietly rested on their laurels, awaiting a further attack, but keeping the price steady at the advanced quotations.

The tactics adopted by the bull cliques are somewhat novel in the history of gold speculations. They keep cash gold abundant, and the rates for carrying easy, thus courting a larger short interest, which, as fast as put out, they are quick to take advantage of.

At noon the bears made another attempt to break the market by refusing to buy of or sell to the bulls; and while this was continued, the anomaly was presented of offerings of gold to any but the bull clique at one hundred and forty-two and one-half, while the bulls were bidding one hundred and forty-three per cent. premium at the same time. This last effort of

the bears proving ineffectual, they quietly withdrew from the contest, though watching for a favorable opportunity to renew the attack.

On the following day a terrific hurricane swept over Wall street. Broad street, New street, and Exchange place were strewn with wrecks. Every gold and stock broker wore a pallid face. Moneyed men rushed about the streets as if insane. The gold excitement during the war and the fearful bank panic of 1857 were thrown into the shade. The dealings in gold absorbed everybody's attention, and stocks were comparatively of no account.

The bulls in gold had gained courage. The gold clique were satisfied that they stood upon a firm foundation, and resolved to make a determined onset. A Washington telegram announcing that Secretary Boutwell had refused to sell his surplus gold in order to relieve the stringency of the money market, had been backed up by private despatches to the same effect. It was positively averred that the distinguished bankers who had urged the Secretary to this course had been met with a flat refusal. The thing seemed to be settled. The bull clique, who held all the available gold, at once decided that the market should be forced to the highest point. The sales at the Fifth Avenue Hotel on the previous evening had given them renewed confidence. They felt satisfied that their net was too strong to be broken.

"We have it in our power to put gold up to two hundred, and we mean to do it," said one of the leading operators of the ring early in the morning. They

attempted it and failed disastrously through Secretary Boutwell's announcement of his intention to buy in four millions of bonds. The bulls deny that this was the cause of their overthrow, but the fact is self-evident. They had blown up their bubble to its utmost extent, and on the mere announcement of Secretary Boutwell's intention it burst like a clap of thunder.

Before 9 A. M., both Broad and New streets were filled with outside operators. They seemed to snuff the approaching battle in the very air. Their white hats, with mourning bands, shook with excitement, and they flourished their little books in the air as if confident of winning a fortune in no time. Every man had his own little rumor, and industriously circulated it among his friends. "Gold! gold!"—this was all the talk. The indicator in front of the Gold Room, which resembles a time-board at a race-course, looked at the crowd in dumb silence, but it was to announce the death knell of many an ardent fortune-seeker before the close of the day.

At 9 A. M. the bidding began on the street. Gold was offered at one hundred and forty-five, and was snapped up on the instant. Down it went to one hundred and forty-four and a half in a twinkling, and was back to one hundred and forty-five within a half minute. The street became intensely excited. Men grew nervous. Up went the precious metal to one hundred and forty-six and one-eighth at a single jump. Then one hundred and forty-seven, and close on the heels of these figures one hundred and forty-eight. A spasmodic yell arose from the crowd at this result.

Men began to shriek and shout and flourish their little books more violently than ever. The bears on the street made a tremendous rally, and back gold went to one hundred and forty-seven. Another rush of the bears, and one hundred and forty-six and a half was reached. Confusion ensued. Everybody seemed to bid and offer at the same time, and one hundred and forty-nine grew out of the smoke. In a second one hundred and fifty and one hundred and fifty and a half was reached.

During these outside operations the members of the Gold Board dashed up the Broad and New street stairs and disappeared. It was but twenty steps to the lower gallery. Imagine a little fountain in the centre of the Hippotheatron. The centre of the fountain is a bronze Cupid, with a dolphin in its arms. From the head of Cupid arises a tiny silver stream, which falls in jets into the basin below. Fancy an iron railing ninety feet in circumference about this basin; then a space of some twenty feet between the walls and the fountain; and you have a rough idea of the Gold Room. On one side there are two galleries—the lower for the errand boys, and the upper for the spectators. Beyond the fountain, with his back toward New street, stood the Secretary, recording the sales which he caught by his ear. Near him is the telegraph operator. Wires run from his machine to nearly five hundred broker's offices, who are thus instantly informed of the state of the market, and are enabled to make their bids undisturbed by the furious excitement which rules in the Gold Room on momentous occasions.

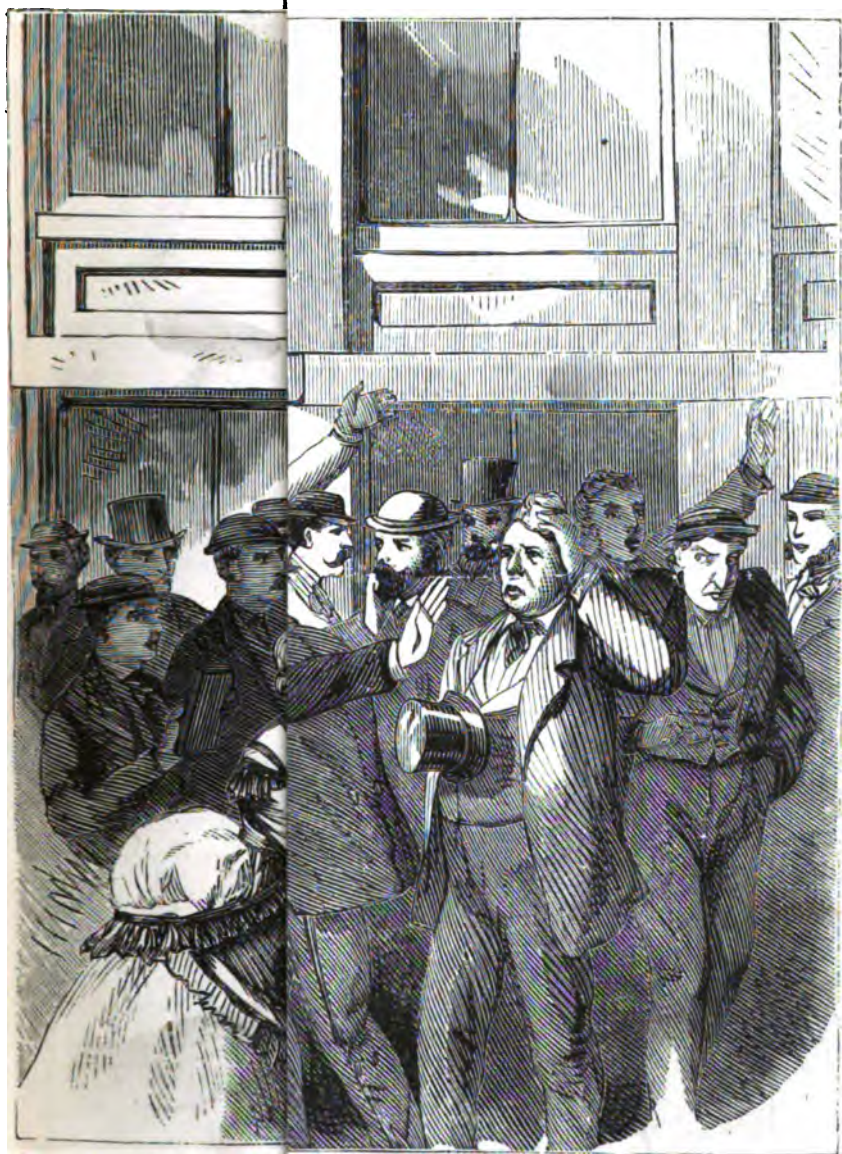
At 10 A. M., on Friday, the Board opened, the Vice-President in the chair. Usually the heavy gold operators remain in their offices and base their bids, which they send by messengers, upon the reports received by their office telegraphs. But the magnitude of yesterday's fight drew most of the moguls into the amphitheatre, and they entered upon the combat with the ferocity of gladiators. The fight opened at 10 A. M., with gold at one hundred and fifty. The bull clique seemed unusually quiet. A quarter of an hour passed, and one hundred and fifty was still the ruling figure. The Secretary seemed in no wise overrun with business, and the telegraph operator worked his machine and conversed glibly with the bystanders. At ten and a half the situation was about the same, the market still standing at one hundred and fifty. The bears were cautious, and evidently suspicious that this skirmishing was preliminary to a bitter fight.

It was not until eleven o'clock that this comparative monotony was broken; one hundred and fifty and one-eighth was bid. The bears began to wince.

"Hell's to pay now!" shrieked a gray-haired man apparently burning over with agony. A hundred fists were shaken at each other over the little fountain, and an infernal series of yells filled the room. To an outsider it was impossible to distinguish either a bid or an offer. The bulls had now begun their grand charge. They swept the bears before them like chaff. From one hundred and fifty and an eighth the metal suddenly jumped to one hundred and fifty-five and a quarter. This was unprecedented. Men began to

rave and shriek like mad dogs. They rushed about the little fountain in paroxysms of fury. The special wonder was that in the anxiety of the bears to sell and of the bulls to buy, so little regard was paid to the last reported quotation. Price on both sides seemed "no object." Men within a few feet of one another differed widely in prices, and there were a dozen different quotations for the metal in as many parts of the room. The bears gathered in a group, and snapped and snarled in turn. The bulls shouted with joy. Within fifteen minutes the premium was forced up to one hundred and sixty-two and a half. The bears sold very readily to their own clique at one hundred and thirty-five, when the market rate was one hundred and sixty. They refused to sell to the bulls at any price. Much of this traffic among the bears might have been "washes," or fictitious sales, reported at figures below the market, and to keep down the price; and much also of smaller lots than the big speculative blocks which the bulls were after.

Thus stood matters when Albert Speyer, a leader among the bulls, threw among the raving mob the tempting offer of one hundred and sixty. Such a marvellous bid coming from a dealer known to be fully responsible, startled the whole Room, and for a few moments no response was made. But before the thunderstruck auditors could regain their equipoise, James Brown, an equally well known broker and agent, offered to supply Mr. Speyer's wants with one, two, three, four, and up to five millions. The latter amount was promptly accepted. The prompt acceptance of this



bid, while the bears were selling to their own crowd at one hundred and thirty-five, gave the bulls renewed confidence.

During the two minutes preceding this bid the market price had stood at one hundred and sixty-two and a half, one hundred and sixty-two, one hundred and sixty-one, and one hundred and sixty and a half. Mr. Speyer's bid was accepted under great excitement. The bears, though dismayed, were not panic-stricken. Even in the face of Mr. Speyer's bid the premium dropped to one hundred and fifty-nine, but quickly rallied to one hundred and sixty. Again it touched one hundred and fifty-nine, and a third time touched one hundred and sixty.

This wavering is easily explained. A prominent bull, while within his office watching the telegrams from the Gold Room, received a private despatch from an employé of the Treasury Department in Washington, informing him that Secretary Boutwell would positively sell four million dollars. The rumor reached the Gold Room just as Messrs. Hallgarten & Co., in view of Mr. Brown's success in placing so large an amount at so inviting a price on the market, had offered a million at the same price. Some of this was taken up by other parties, but before the whole was absorbed the terrible rumor was circulated throughout the room. This instantly paralyzed the bulls to such an extent that the price fell to one hundred and fifty-five, and then to one hundred and fifty. The next bid was one hundred and forty-eight, then one hundred and forty-four, and finally one hundred and forty. Then dismay

seized the members present, for the decline meant nothing less than the ruin of all concerned in the ring.

The bulls had gone into the fight fully prepared to take from ten million dollars to twenty million dollars. They had not taken seven million dollars when they heard of Secretary Boutwell's action. The rapidity of the movements and the magnetic influence of the Gold Room was too much for them. Their heads became giddy, and in a twinkling they lost control of the market. The Secretary's four million dollars threat was but a flea-bite, but they were fearful that his movement was a preconcerted one, and that twenty million dollars would be thrown upon them, if necessary, to crush the market. It was not until the rate grounded at one hundred and forty that they rallied. It was nearly noon. Gold again began to mount the stairs. It sprang from one hundred and forty to one hundred and fifty at a single jump. The bears acted as if a flash of lightning had passed through the room. Bedlam again broke loose. The room was filled with shrieks and curses. In another jump the metal struck one hundred and sixty.

Again came the Washington rumor, and this time, it was said, direct from the Special Treasury Agent in this city. It was asserted that President Grant had ordered Secretary Boutwell to sell the gold, and that he would order him to sell fifty million dollars if necessary. Away went the market in another grand crash, and never recovered until it touched one hundred and thirty-three. In the street it went lower. The bulls were ruined. Men were maddened. Speyer grew

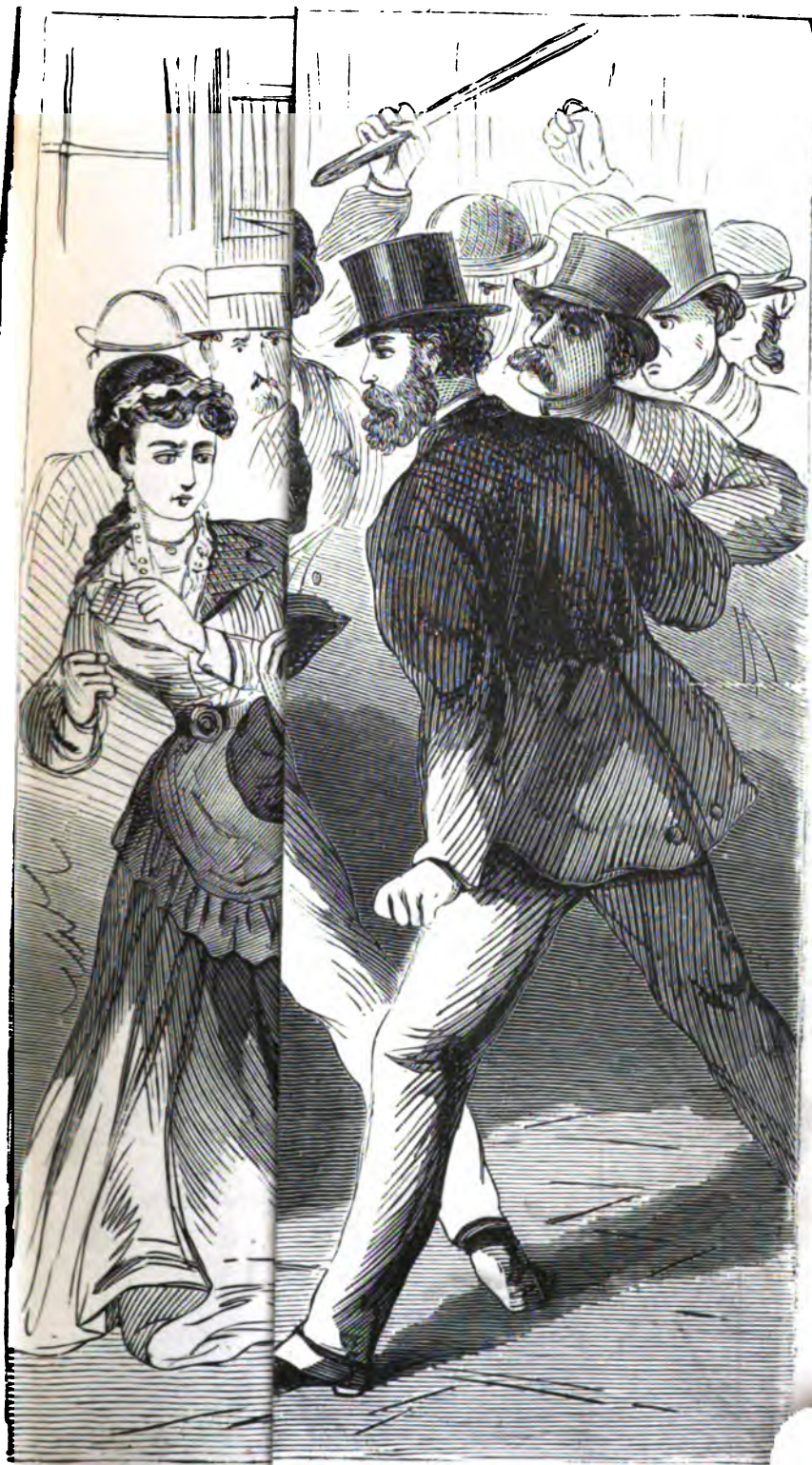
crazy. His eyes seemed fixed in despair. He spoke to his friends in a husky voice, and rushed about the little fountain as if in terror. At length he raised his hand, and shouted hoarsely to the heated, struggling mass below him. This extraordinary spectacle nearly silenced the operators. In a few words Speyer accused some unknown person of an attempt to assassinate him. "He is after me now with a big knife," shrieked Mr. Speyer. "Look, look!" he continued, "don't you see the knife?" As it was evident he was crazed, he was placed in a carriage by his friends and sent home. Mr. Speyer was not the only one made momentarily crazy.

After the regular business of the Gold Room had concluded, a long list of names was called out from the rostrum, being those of members who had made default in carrying out their contracts. According to a rule of the organization the President publicly bought in the gold which they had failed to deliver, and for nearly an hour the sound of the hammer was heard as the several lots were knocked down. The defaulting members are held liable, of course, to make good the differences.

Many strange countenances, most of which were of very unprepossessing expression, were seen in the crowd. They were those of faro dealers, and men of other questionable professions, drawn to the scene by the strange excitement, and watched their opportunities to profit by it.

The office of Smith, Gould, Martin & Co., 11 Broad street, was a central point of attraction to the operators in gold. The delay in adjusting the accounts of

dealers at the Gold Exchange Bank, very naturally brought the parties aggrieved to the headquarters of the gold bull clique. The firm refused to square accounts until they had secured a statement from the bank, and early in the day the persons aggrieved decided to force a settlement on some terms. The leaders in this movement were the German bankers. Pretty soon the crowd grew so large that it overflowed the sidewalk and extended half the width of the street. A constant stream of claimants flowed in, and as each applicant was put off, the residue became more clamorous, until the demands became so urgent that a posse of deputy sheriffs were installed in the office to prevent a tumult. This state of affairs continued during the afternoon, each applicant becoming more urgent as the ill success of his predecessor was made manifest. About five o'clock the demonstration became so threatening that Mr. James Fisk, Jr., who was closeted in an inner office, went out to appease the troubled elements. As he stepped from the building and stood on the sidewalk, prepared to make one of his soothing speeches to the multitude there, some over excited loser by the transactions of the firm perpetrated an outrageous assault upon the Admiral. The author of this violent demonstration was said to be an Englishman, who had suffered severely by the operations of the bull clique. He approached the portly Admiral of the Sound fleet, and before the latter could begin to make an impression upon his exasperated hearers, dashed his fist in the face of the portly Managing Director of the Erie. Of course there was



an immense sensation, and a policeman speedily captured the belligerent and hauled him off to the lock-up.

A variety of reports were current in regard to the Gold Exchange Bank. One statement has it that the clerical force of the bank was inadequate to the discharge of the immense accession of business which suddenly forced itself upon that institution, and that the operators were therefore unavoidably kept out of their resources; another report was to the effect that the institution was insolvent. Early in the day the bank refused to pay any further accounts until they could ascertain the precise standing of their customers, and thus virtually went into a state of suspension.

The following notice was issued by the President of the Gold Exchange Bank :

NEW YORK GOLD EXCHANGE BANK,
58 Broadway and 29 New streets,
NEW YORK, *Sept. 24, 1869.*

The rules of the clearing department of this Bank require the payment of all balances to the Bank before the payment of any balances by the Bank. Owing to the failure of several dealers, the adjustment of the accounts has been delayed.

The Bank has a large surplus of both gold and currency on the movements of the day, and will pay out to the dealers as fast as the accounts can be settled.

H. M. BENEDICT, *President.*

The banking-room was filled with a mob of eager-eyed, half-crazed men, asking for their balances. The crowd were struggling, and in some instances fighting.

The private room was jammed. The cashier stood behind the desk in his shirt sleeves, pale but resolute. A policeman plied his club at the little gate to keep the mob from reaching the cashier.

"Curse your infernal soul," roared a large, powerful man, "I've got ten thousand dollars in this bank, and I've overdrawn my account in another bank. Give me my money out of your d——d costive concern!"

The police officer made a dash at him with his club, and the big fellow made a struggle. A dozen white tiles were knocked off and trampled into cocked hats.

In Wall street, by reason of the inadequate force at the disposal of broker's firms, the rushing of clerks to and fro was extraordinary. As two o'clock approached the appearance was calamitous; and an innocent Jerseyman, on his first visit to the city, would have known that something extraordinary was going on. The very hucksters that line Broad and New streets, caught the wild infection and put up the price of pears in the most reckless way. The brokers had no time to waste in restaurants, and bought and ate on the spot whatever was offered, and at any price. When rogues fall out, honest men get their own, said the hucksters. Every man within the sound of Trinity chimes felt the epidemic that ruled the hour.

To a calm observer, if it had been possible for any one to be calm in the midst of an excitement so intense, there was inexhaustible material for study in the dense crowd with upturned faces which blocked up the whole of New street, watching with absorbing interest the rapidly changing figures on the indicator.

Many of the crowd, which included every variety of men and woman too, had not a dollar at stake, but their interest was equally intense with that of the speculators, who were enriched or ruined as the case might be by the fluctuations of the market. Some of the more seedy-looking of the crowd were evidently operators long since used up, men who had had their brief day of importance in the street, and now, like ghosts, haunted the scenes of their former greatness. Others were drawn there merely by the contagious excitement, which, according to a well known psychological law, diffuses itself on extraordinary occasions, through the whole mass of the community. All alike seem actuated by a common feeling. Late in the afternoon, when the figures stood obstinately for a long while at thirty-three, the countenances of many expressed impatience and disgust. They looked as the Roman audience in the Coliseum may be supposed to have looked when a lion refused to devour a Christian.

The Gold Room was deserted on Saturday, the Board having adjourned soon after ten o'clock, in consequence of the following letter from the President of the Gold Exchange Bank :

NEW YORK, *Sept.* 25, 1869.

Townsend Cox, Esq., President N. Y. Gold Exchange.

SIR :—This Bank will not receive any clearing statements from dealers to-day. The statements received yesterday are nearly all affected by the failures, and it is impossible as yet to ascertain balances. Dealers must be prepared to take up the tickets of those in

default which they have sent in, as that is the only way of adjusting the movement. The Bank will use every exertion to bring accounts to a prompt settlement.

Respectfully,

H. M. BENEDICT.

The following resolutions were then offered by Mr. Charles Unger, and unanimously passed by the Board:

Resolved, That this Board do now adjourn until Monday at ten o'clock.

Resolved, That for the protection of our mutual interests no transactions made to-day be recognized by the Board.

Resolved, That a committee of three be appointed by the Chair to wait on the Assistant Treasurer, General Butterfield, and request him to postpone the sale of gold until some future day.

The only transactions were over the counters of dealers, at quotations ranging from one hundred and thirty-two to one hundred and thirty-six, and a number of small firms reported a flattering aggregate of profits as the result of the day's business, one concern making over seven thousand dollars.

On Saturday a determined run was made on the Tenth National Bank. An announcement that the bank was seven hundred thousand dollars short at the Clearing House in the morning, coupled with a report that their certified checks were being thrown out by other banks, seemed to have occasioned the run.

The street was ready for a panic, and by eleven o'clock it had it in a general rush of depositors to this



institution, with furious demands for their balances. The rush soon became so great as to demand the attendance of the police to preserve order. All demands were met on presentation and currency promptly paid. At two o'clock, however, the case looked squally. The officers found difficulty in procuring currency to meet the demands. Certified checks of the Bank of the Commonwealth, the City, and the State Banks, were sent out for collection and returned unsatisfied, these banks referring them to the Clearing House. Their Directors, and Mr. Collender, the Bank Examiner, were running in all directions for currency. The teller's pile was fast running low, and it seemed improbable that they could hold out. At this juncture relief came from some sister banks in the shape of several hundred thousand dollars, and the concern was saved. They continued to pay until twenty minutes after three, when, everybody being satisfied, they closed for the day. At the commencement of business in the morning their deposits aggregated one million one hundred thousand dollars, of which they paid all but one hundred thousand dollars before the close of business. At three o'clock they adjusted their balances at the Clearing House and were pronounced all right there. During the day they paid every check presented, with but two exceptions. These were checks drawn by Smith, Gould, Martin & Co., and certified by the bank, and subsequently endorsed to Wm. Heath & Co., by D. Groesbeck. The bank threw these out, believing them to be the property of Heath, who is claimed to be heavily indebted to the institution. The books and accounts of

the bank were thoroughly examined during the week by Examiner Magruder, who was sent on from Washington for that purpose, and by him pronounced all right.

Mr. Solomon Mahler, a Wall street broker, was the first victim of the excitement in the gold market on Friday. For a number of years he had been afflicted with an occasional rush of blood to the head, attended with temporary insanity. He retired to bed at ten o'clock Friday night, that being his usual hour. Shortly after six o'clock Saturday morning a report of a pistol was heard in his room. He had shot himself.

Probably the worst feature of the gold excitement was its effect upon legitimate trade. Wholesale dry goods houses, for instance, positively refused to sell imported goods to country merchants, because it was impossible to determine what prices to place on them, owing to the fluctuations in gold.

A gentleman who presented a message for transmission to Europe by the cable, and tendered payments in greenbacks, was informed that they could not accept them, not knowing what rate to place on gold. The message being of some importance he went to Wall street to purchase the gold, but was unable to obtain any.

A large India rubber manufacturing firm having received information that two of their vessels were off Sandy Hook, immediately sent the captains of the vessels word not to come in until further orders.

The New York panic extended to other cities, and was felt as far off as San Francisco.

CHAPTER XVI.

AFTER THE BATTLE—THE KILLED AND WOUNDED.

THE dealings at the Gold Exchange were again suspended on Monday, the Gold Exchange Bank not having yet been able to present statements to their customers. On the assembling of the Exchange the President read the following circular letter from the President of the Gold Exchange Bank :

NEW YORK GOLD EXCHANGE BOARD,

September 27, 1869.

DEAR SIR: I hand you enclosed your corrected statement. The following statements of dealers have been rejected from the movement for failure to comply with the rules: Albert Speyer; Dornin & Boocock; Galwey, Hunter & Co.; William Belden & Co.; Zerega & Graves; Chase, McClure & Co.; P. H. Williams, Jr., & Co.; Charles W. Keep & Co.; Jas. Brown & Co.

Your balances must be made good by twelve o'clock to-day. All accounts not settled at that time will be regarded as failed for the purpose of clearing. You will be immediately informed of any further default in your statements.

Yours, respectfully,

H. M. BENEDICT, *President.*

Mr. Brown, of the firm of James Brown & Co., denounced the above letter in the strongest terms. He denied that the statement of the house he represented had been rejected, for the very good reason that the house had made no statement to the bank. Acting under the advice of friends, his firm had ignored the bank, and had adjusted all their accounts directly with the brokers interested. He stigmatized the statement of Mr. Benedict as a gross inaccuracy. He denied, in the most emphatic language, that his firm had failed, but, on the contrary, had responded to all their engagements.

This statement created a general commotion, and was followed by a storm of voices, each endeavoring to reach the President's ear. In the midst of the confusion the President announced as in order the following :

Resolved, That this Board now go into executive session.

Resolved, That a committee of nine be appointed by the Chair to report some plan whereby outstanding contracts may be settled, and the business of the Board resumed.

The resolutions were adopted amid much confusion, when the committee was announced as called for by the second resolution.

The following report was then laid before the meeting :

The Committee appointed at a meeting held at the New York Gold Exchange Bank on Saturday afternoon, September 25th, 1869, to inquire into the affairs

of said bank, report that they have been enabled to so simplify the statements that the hereinafter named are the only ones, in their opinion, which should be stricken out. In view of the above, the statements of dealers have been already prepared, and the Committee trust that all will be able to respond to the amendments promptly by meridian to-day. The clerical force of the Bank appear to be again in motion, and the Committee trust that clearances hereafter will be made as usual. In conclusion, the Committee testify to the valuable services rendered by the officers of the institution, but more particularly by Mr. H. C. Tanner.

Signed W. W. Long, R. L. Edwards, R. W. Martin, Jr., D. Milliken, R. P. Lounsberry.

NEW YORK GOLD EXCHANGE BANK,
September 27, 1869.

The Directors of the New York Gold Exchange Bank, together with the committee appointed by the members of the Gold Exchange to examine the condition of the New York Gold Exchange Bank, would respectfully recommend the passage of the following resolutions :

Resolved, That all purchases and sales of gold be suspended until to-morrow, September 28th, and that the Gold Exchange be kept open for the purpose of borrowing and loaning gold.

Resolved, That all transactions made on Friday, September 24th, be cleared through the Gold Exchange Bank to-morrow, September 28th, at a fixed rate, and the differences be settled by the dealers among themselves.

Signed H. M. Benedict, I. F. Underhill, J. F. Lauzade, Chr. Grove, H. C. Tanner, of the Gold Exchange Bank; and H. W. Gray, R. P. Lounsberry, R. W. Martin, Jr., D. Milliken, R. W. Edwards.

The reading of these documents was followed by another outburst of noise and confusion, so great as to render an intelligible report impossible.

Mr. Brown moved that anything emanating from the bank be not received, as their statements being inaccurate in his case, they might be in others. He denounced the late bull clique as a set of financial robbers, and charged the Gold Exchange Bank with being in collusion with them. Having repeated his assertion that he had not sent in any statement to the bank, he was contradicted by a broker, who stated he had seen it.

The Vice-President of the Board here counselled calmness and moderation in bearing and language, and the exercise of patience and generous consideration among dealers in the present crisis, with a view to its speedy dispersion.

After some further discussion, in the course of which one member expressed the belief that if they kept on wrangling there they would end in bloodshed, he was severely laughed at for his fears.

Finally, in lieu of the report of the Joint Committee, a resolution was adopted providing for the appointment of a committee of nine whose duty it should be to examine into the affairs of the Gold Exchange Bank and of the members of the Board so far as they related to Friday's transactions, and report what action could

be had by the Board to bring to a speedy conclusion the present condition of affairs, and secure a speedy resumption of business and clear understanding of the situation. It was also provided that six at least of that committee should not be Directors of the Gold Exchange Bank. The Board then adjourned.

On reassembling, the committee who had been appointed to visit the Gold Exchange Bank, reported that they had had a conference with the officers of the bank, and induced them to postpone the announcement of delinquents until two o'clock, in the hope that the same might be able to meet their obligations in that time, and recommended the adoption of the following :

First. That it is inexpedient to interfere with the gold clearings of Thursday's business, but that the same be cleared up by the Gold Exchange Bank as they are able.

Second. That this committee recommend to the members of this Board to settle as far as possible all of Friday's contracts ex Clearing House, as it is uncertain when Thursday's business will be finished.

Third. That the committee recommend to the Board to appoint a committee to confer with the Bank of New York, to ascertain whether the said bank would be willing to act as Clearing House for Friday's business, or until further notice.

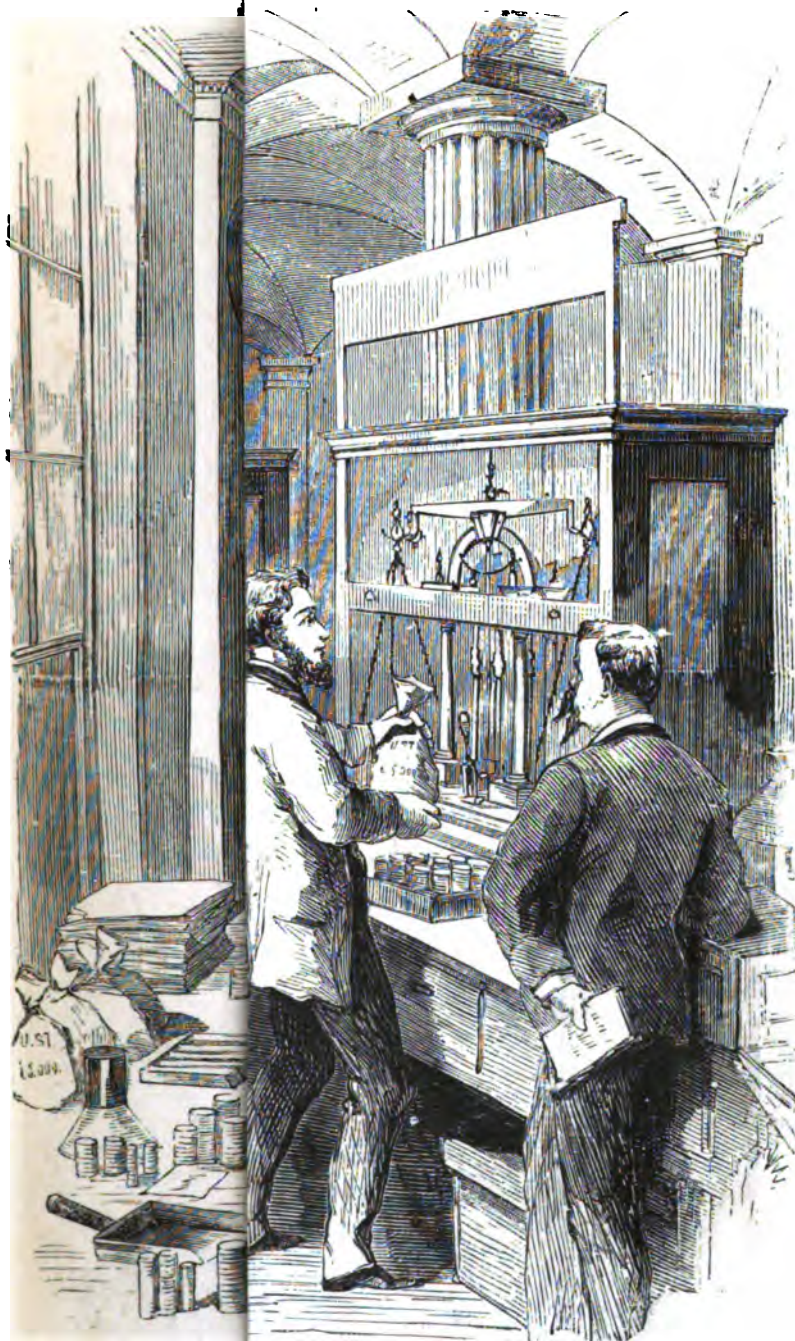
Pending the passage of these resolutions, a committee was appointed to go to the Gold Exchange Bank and request the original or a copy of the statement of William Belden & Co., furnished the Bank on Friday.

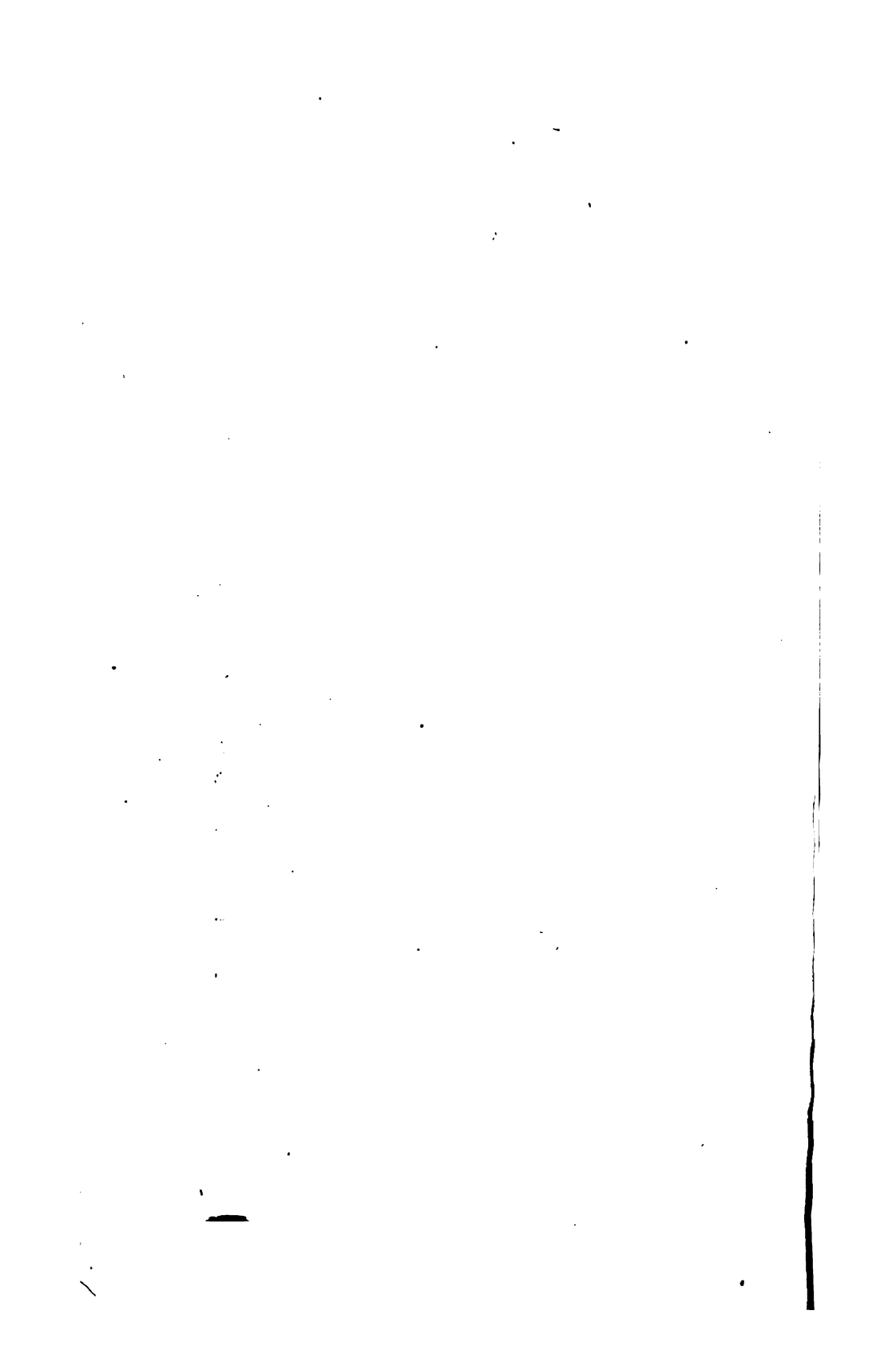
On their return the committee reported their inability to procure the statement. This tended to increase the excitement, and the tide of indignation turned on the bank as well. Some feeling was manifested toward Mr. Millbank, who made out the statement for Messrs. Belden & Co., the cause of which did not seem to be fully understood by many of the members. This called forth Mr. Leroy Nichols, who, amid much clamor (despite the frantic attempts of the Secretary to maintain a reasonably orderly meeting) stated that Mr. Millbank was a member of the Stock Exchange in high standing, and that to correct any misunderstanding regarding the course of that estimable gentleman, he would state that Messrs. Belden & Co., knowing Mr. Millbank's capacity as an accountant, called him in to straighten out their tangled books, which he did, and beyond which he had no connection with the firm.

Mr. Millbank then said that all he could say, in addition to Mr. Nichols' remarks, was that he did make out the statement, and himself presented it at the Gold Exchange Bank. That the amounts were on one side three million seven hundred and seventy thousand dollars, and on the other three million seven hundred and fifty-five thousand dollars.

Mr. Dimmock moved the following resolution, which was lost :

Resolved, That non-compliance on the requisition of the Gold Exchange Bank to take up the gold of Belden & Co., shall not work a suspension of any one in this Board, by such apparent failure.





A motion was subsequently made that a special committee be appointed to wait on the officers of the Gold Exchange Bank and ask for the first statement of William Belden & Co., or a certified copy of the same, in order that it might be read to the Gold Exchange; no director of the Gold Exchange Bank to be appointed on such committee.

The special committee of four having returned, reported that the Gold Exchange Bank stated that there was not time to look for Mr. Belden's statement; that, speaking from recollection at the time the statement was sent in, there were more tickets in the Clearing House with Belden & Co.'s name thereto than that statement called for. The committee was instructed to return to the bank and make another attempt to get Mr. Belden's statement; if necessary, to lend their undivided assistance toward obtaining it for the Board.

At the suggestion of the Vice President, Mr. Hoyt, a recess was taken until three o'clock, when it was believed the bank would come to time on rendering an account of Thursday's business.

At three o'clock the Board again went into executive session, when it was reported by the committee that nothing definite could be presented during the day, whereupon the Board adjourned until ten o'clock on Tuesday morning.

The Gold Exchange Bank was organized under the auspices of the Gold Exchange. The members of the latter were required to make their clearing through the former, unless there was satisfied "ex-clearances"

at the time of sale. Those who operated at the Gold Exchange without the above specifications were compelled to make their statements to the Gold Bank before 12.30 P. M., under penalty of twenty-five dollars and five dollars additional for every error respectively. The bank engaged to notify at 1.30 P. M. the parties to the sale if deficient, and if the delinquents did not pay they were subject to have their contracts bought in or sold out for the parties interested. The bank having neglected to serve the due notices upon the delinquents on Thursday's operations, it was claimed the bank should be held responsible to the parties who had met their engagements at the clearings, in accordance with the rules of the bank, because if they had been notified they would have had an opportunity to call for a settlement of deficiencies under the rule of the Gold Exchange, and thus protect themselves from loss. It was a mooted question whether the Gold Exchange Bank was not responsible for the losses incurred by those who had responded according to the rules established by the Clearing House and were not notified of any deficiency in the accounts of their debtors. The responsibility which the Gold Exchange Bank threw upon the members of the Gold Board of paying twenty-five dollars penalty and five dollars additional, as stated above, it was claimed by the members of the Board, left the Bank—it having failed to notify them according to the rule—responsible for their failure.

On Monday, Judge Clerke in the Supreme Court Chambers, granted injunctions in six different suits,

restraining the New York Gold Exchange Bank from receiving the gold specified in each case, for account of the several plaintiffs, and from paying any sum of money therefor; and restraining the respective defendants, other than the banks, from delivering the gold or receiving any money therefor from the bank.

In a suit by Anthony V. B. Van Dyck against Wm. C. Dornin and Samuel W. Bocock, the amount of gold named is thirty-five thousand dollars, which, it is alleged, the plaintiff borrowed from the defendants. He instructed the New York Gold Exchange Bank to receive the gold and deliver it out to other parties to whom he had sold it, and pay them in currency. Before payment was made, however, gold rose to one hundred and sixty, and he then sent his check to the bank to make good the deficiency. But previous to the check being paid, gold again fell to one hundred and thirty. The bank was restrained from paying out the amount of his check for the difference, and Dornin & Bocock were restrained from delivering the gold to have it paid.

Two similar suits were brought by Caldwell Ashworth against the same defendants, except that in one suit the National Bank of Commerce was joined as defendant.

Charles Unger, William Hahn and Charles Klug brought suit against William M. Lloyd, Charles H. Hamilton, and Matthew Dill, to restrain the Gold Exchange Bank from paying over to them eleven thousand dollars deposited by plaintiffs as security for the return of borrowed gold.

A similar suit was brought by H. C. and Frederick Hardy against Robert Waller, the amount being thirty-five thousand eight hundred and three dollars and seventy-five cents. The amount in a like suit by J. Edward Eastwood against Alexander G. Wood and James G. Reick, was five thousand dollars.

Two suits were instituted against William Belden, Alexander McKinley and George W. Hooker, one by Samuel A. Hatch, and another by Hamilton G. Fant, and an attachment was granted in each against the property of the defendants, for secreting their property, with intent to defraud their creditors, and also for secreting themselves to avoid service of summons.

When the day passed, with no progress towards a settlement of the difficulties into which the reckless operations of the bull clique had thrown the financial market, a feeling of distrust and uneasiness seized upon the community. All classes of business felt the effect of the blockade. The stock market became suddenly and alarmingly depressed. Currency disappeared from the streets, and exorbitant rates were charged for accommodations. Matters began to look very blue, and wise heads predicted a more serious storm than had yet been encountered. Merchants, bankers, shippers, and all classes dragged themselves to their usual places of business with manifest dread. The financial sky was fearfully overcast. Early in the day the stock market experienced another very marked decline. The banks hugged their currency more closely than ever. Merchants were afraid to

sell their goods, and country dealers were equally afraid to buy. Everybody experienced the same dark forebodings of the immediate future. Unless the Gold Exchange could, during the day, adjust its affairs, it was commonly admitted that a fearful and wide-spread crash must ensue.

On the assembling of the Gold Board the next day, the excited and anxious multitude sought the vicinity in order to learn the first tidings, whether favorable or the reverse. The building was quickly crowded, and the streets without were filled with those who could find no place within. The majority of the gold dealers were animated with an earnest desire to arrive at a speedy solution of the difficulties in which they were involved, and if any were possessed of an opposite desire they took care to conceal it, under a pretended purpose to facilitate settlements.

When it was announced on the street that an arrangement had been effected with the Bank of New York to act as a temporary Clearing House, and adjust the enormous business of Friday, a feeling of relief was at once experienced. This looked like progress. The tendency to panic was temporarily stayed. The depression in the stock market was checked. Business men breathed easier. True, the banks did not loosen their grip on the currency, but they were ready to certify checks more freely, and promise more relief when affairs should assume a little more definite shape.

But all this was but of short duration. The rush of brokers and brokers' clerks to the Bank of New

York with their statements was so great as to give rise to the rumor that a run was being made on the bank, which, being reported at a distance where the facts were not known, tended to intensify the alarm that everywhere prevailed. This erroneous report was no sooner corrected than another—which unfortunately proved to be true—was started, that the bank found their clerical force altogether inadequate to the work they had undertaken, and had therefore abandoned the task.

On inquiry it was ascertained that when the officers of the bank discovered the immense work involved in adjusting the balances on Friday's business—which was not discovered until more than half of the statements were handed in—they at once closed their doors and notified the President of the Gold Exchange of their inability to fulfil their undertakings. The President at once reconvened the Gold Board, when amid great excitement another plan was devised. This plan simply relieved the bank of the clerical work of examining and comparing the statements of the different brokers, that being committed to a committee of the brokers themselves, who were to sit all night and complete a balance sheet, upon which the Bank of New York would settle the balances so soon as the statements should be placed in their hands.

In brief, this plan of adjustment simply proposed that a balance be struck of all the operations of Friday, counting the gold in all cases at the uniform price of one hundred and thirty-five, the dealers to adjust between themselves their balances on transactions

above or below that price. The very general favor with which this plan was received, and the almost universality with which it was adopted and the work of settlement was commenced, argued favorably for the intentions of the dealers. Immediately on the assembling of the committee, an avalanche of statements came upon them, the individual dealers betraying an almost undue anxiety to get their business in some shape for adjustment. One dealer whose statement made him out a heavy debtor to the Clearing House, came with his statement, accompanied by two porters lugging immense bags of gold. The committee declined receiving his gold, but took his statement and referred him for the rest to the Bank of New York.

In the meantime, the National Stock Exchange held a meeting to consider the embarrassments growing out of the absence of any recognized market for gold, and after a full discussion of the subject resolved to meet as a Gold Exchange at ten o'clock every morning, for the purpose of buying and selling gold, and also to put gold in their regular list with the stocks in which they deal, to be called at the regular Boards at twelve and three o'clock every day.

The workingmen and women of New York, who had been endeavoring to keep up the value of their labor, regarded the operations in the Gold Room as a direct raid upon them. They saw that all kinds of commodities were unsettled in price; that the purchasing value of their earnings was depreciated by these reckless proceedings, and they loudly demanded

that the laws enacted for the security of trade and commerce, which these gamblers have so long set at defiance, should be enforced. They said that it is competent for any police magistrate to issue his warrants for the arrest of these offenders. Their names are known; their malpractices notorious. The working-men watched the course of the magistrates in this matter very jealously, and intended to mark such as fell short of the full measure of their duty in this emergency, when they next come up for renomination and re-election.

The Irish and German servant girls, too, who swelter in hot basement kitchens fourteen to sixteen hours a day, to earn something to send to their needy relatives in the old country, were also indignant that so much of their earnings should be absorbed in paying tribute to these gold gamblers. If they must pay five cents more on every pound they send abroad, for every advance of one per cent. in the Gold Room, they asked why the laws which would stop this robbery are not enforced, and declared they will make trouble for those who fail to carry them into execution. The common sentiment is, "Down with the gold gamblers."

All day the leading moneyed men of the street were shinning about raising funds to save their friends from insolvency. It was emphatically a blue day. Houses which last week freely lent one hundred and eighty to two hundred on Central stock found to their cost the transitory character of such unstable securities. Margins were swept away by the gold panic, and lenders at two and one-half per cent. a day on

these "first-class securities" suddenly found that even these immense profits were too dearly paid for by the risks attendant upon such transactions.

Margins were swallowed up in a twinkling and the lenders saw themselves with no end of stocks, worth anywhere from ten to forty per cent. less than they had loaned upon them. The rush of these lenders to realize upon their collaterals added to the want of confidence in the Stock Board, and hastened the decline in fancy shares.

Many of the gamblers who have lost have also been compelled to sell out all their stocks for cash, to save themselves and their friends, which has further contributed to the panicky feeling on the Exchange.

At promptly ten o'clock the Gold Board was very largely represented on the floor, and the lobby and spectators' gallery were crowded. The representatives of the press deserted the desks regularly assigned for their use, and congregated at the Register's post. The Register's occupation was gone for the time being, the indicator remaining rigid at one hundred and thirty-three, where it stopped on Friday. The reporters invaded the inner circle at the President's desk, on which a brick-shaped piece of wood, slivered and chipped, betokened how soundly it had been pounded during the last few days, in the President's effort to make the members preserve silence.

"Order, gentlemen, order!" exclaimed the President, producing a rapid succession of loud sounds with the gavel.

"Hats off," exclaimed some one in the crowd near-

est the desk. Some took their hats off and others did not, but the former soon put them on again, except a few who crowded near the President.

The President—We will not proceed to business until quiet is restored. [Voices—"Order."] We are still in executive session. The first business is to hear the report of the committee of four, who were appointed to go to the Gold Exchange Bank and get the statement of William Belden & Co.

The Chairman of the committee, Mr. Keep, appeared at the President's desk, holding a paper in his hand. He attempted to speak, but his voice was drowned in the uproar. It was sometime before the President could secure him a hearing.

Mr. Keep—I have a copy of the statement of William Belden & Co., taken from the original, in my presence, this morning. [Voices—"Louder."] I wish to suggest that it would be best that it should be posted in this room, so that every body can read it at their leisure. [Voices—"Read it! Read it!" "Move that it be read." "Second the motion."]

The President—It is too long. [Voices—"Read it! Read it!"]

The President—It is moved and seconded that the statement be read. The original motion was by Mr. Keep that the paper be posted. Mr. Bend moves as an amendment that it be read. I will put the question on the amendment.

He did so, but declared that he could not decide whether the ayes or noes had it. The question was put again. Much confusion prevailed at the time, and

loud talking was going on in different parts of the room. Some, evidently, were strenuously disinclined to hear the paper read. That they had some ulterior purpose in view was evident, perhaps explained by the subsequent proceedings. The President had to pound with the gavel several times, when he put the question again. [Voice—"There is no dispute."]

The President—I am not satisfied.

A vote having been had *viva voce*, it was declared by the President that the motion to read was lost. [Laughter—by some. Voice—"How about that?" Another voice—"Satisfied now?"]

Mr. Edwards having got the floor said: "There is no use in going behind the facts. That statement gives no true idea of Belden & Co.'s affairs. Last Sunday night I had a talk with Mr. Belden, and he said millions of dollars could not clear him. The whole thing, however, could be settled. Let us deal with it as we should. Let us get this side of the bank—clear outside of it. Let us begin anew. I move we fix our differences now outside the bank, as far as we can. No man has any idea of the disaster that will come upon us if we don't do something. It depends upon this Board how things will come out. I believe it will be the very best thing that can be done for the good of the whole city—for the whole United States—to get at once this side of that Clearing House, no matter whether we have done wrong or not. Let us meet the situation as best we can. What I propose should have been done yesterday. No matter about Mr. Brown's statement. He, it seems, has failed as far as the Clearing House

is concerned. All that we have got to do is the very best we can, and all work together as a band of brothers, and come out and settle this thing at thirty-five." [Voices—"Good! good! good!"]

Mr. Keep remarked, when he could make himself heard, that he would not oppose the arrangement suggested, although it would probably ruin him. Yet he could not see how this thing could be settled here at all. The statement is here. If it is posted— [Voice—"Don't allow it to be read."]

President—Order, order (pounding long and loudly with the gavel.)

Mr. Keep—This statement is not signed. [Voices—"No use reading it. I move to lay it on the table."]

Mr. Bend—I second the motion. Let us settle among ourselves on a basis of thirty-five. [Voice—"Oh no, oh no!"]

The motion to lay the paper on the table prevailed.

Again several burst out clamorously in favor of settling among themselves on the basis of thirty-five, and again recounted cries of "Oh no, oh no!" and "Ex-Clearing House."

Mr. Edwards' suggestion to settle on thirty-five was accepted as a motion, and friends of the movement called for the question.

The President—Gentlemen, before this motion can be put, there is some unfinished business to dispose of. It is on the report of the committee of nine. There are two resolutions remaining to be acted on which were reported by that committee.

The secretary explained that three resolutions had

been reported by the committee on the previous day, but that only one had been acted on.

The first resolution of the two to be acted upon was then read as follows :

Resolved, That it is the object of the members of this Board to settle, as far as possible, Friday's contracts, ex-Clearing House.

Mr. Frank—I have an objection. [Voices—"Order, order."]

D. Unger—I favor settling on a basis of thirty-five. [Voices—"Question."]

Voice—Let us have the resolution read again. I don't think the Board understand it. [Derisive laughter by some.]

Mr. Frank—I object to a vote on this. [Voices—"Question."] It is ambiguous.

The question was put and the resolution was adopted. The second resolution was read as follows:

Resolved, That the Committee recommend to the Board the appointment of a Committee to confer with the Bank of New York to ascertain whether that bank would be willing to act as Clearing House on Friday's business, and till further notice.

Geo. Bend—I second the motion.

The resolution was adopted unanimously.

Mr. Hodgkins—I rise to a point of order. I don't think the Board understand how they are voting. [Voice—"Don't they?" Laughter.]

Mr. Ballin wanted to make a few remarks on the resolution just passed. [A Voice—"It is too late, Mr. President."]

The President—I allow Mr. Ballin to make these remarks. He asks it as a privilege. [Voices—"I object." "Go on."]

Mr. Ballin—I don't know whether I can talk loud enough. What I can say in relation to the Bank of New York is this: It will undertake to do what you ask, but only under certain restrictions, and these restrictions must come from this room. No favor nor accommodation can be allowed upon sales before clearings are made. Gold must be made good in gold and currency in currency, so that the clearing business can be transacted independent of any banking operations. The reason for this is, the bank does not wish to be put in the position of accommodating one man and not another; but when the clearings are all over the bank is free to do as it pleases.

Mr. Edwards moved that James H. Banker, Vice-President of the New York Bank, be invited to co-operate with the committee.

Mr. Kelper moved that the President and two Vice-Presidents of the Board constitute the committee. Carried. E. S. Ballin was added to the committee.

Mr. Hodgkins—I thought I might say two words in explanation of the practical workings of the two resolutions which have just been passed. It is highly desirable members should understand that the Bank of New York wants as little unnecessary business as possible; that it is there only last Friday's dealings are to be arranged, ex-Clearing House. [Voice—"All right I think we understand that."]

Mr. Kemble was added to the committee. On motion the committee were requested to "go right down to the Bank of New York at once," and a recess was taken until eleven o'clock. [Voices—"Go right down to the bank."]

Mr. Bend came forward and reported. He said the committee had been to the Bank of New York. They would do Friday's clearing business, and explained how they would do it—on a basis of thirty-five, the operators arranging the differences between themselves, outside the bank. For instance, if a member settled with another at thirty-seven, the member so settling would pay the two per cent. direct to the other. The same checks would be used as were in requisition at the Gold Exchange Bank. The statements must be sent into the bank by half past one o'clock. The bank would be responsible for the gold and currency put in there. The differences it must be remembered were to be settled between themselves in the exchange of tickets.

The report of the committee and suggestions were adopted.

Mr. Cattell moved that they proceed to business at once.

The President—It is moved and seconded that we now proceed to business, buying and selling gold, and borrowing and lending gold, as usual.

The motion prevailed. No dissenting voice was heard.

A motion was made to adjourn the executive session.

After some desultory conversation between the President and several members, the motion to adjourn the executive session was about being put when Mr. Kelper insisted on speaking. He said :

“Gentlemen, I think it is of very great importance to consider this matter. Do you want to proceed with business now, and allow gold to be sold out indiscriminately? Why, sales will be made perhaps of from twenty to sixty millions on account of Belden & Co. This would bring prices down to par. If so, we can't stand up to it. I don't think they should be allowed to sell under the rule of the Board, because it would break each and every one of us. Mr. President, I move that the Board adjourn over without transacting any business, except arranging our loans.”

The motion was strongly and loudly seconded.
[Great excitement.]

Mr. Kelper—I have forgot to put this in the motion: In arranging our loans that it be done on a basis of thirty-five. [Voices—“Good.” Other Voices—“Don't do it.”]

Kelper—We can refuse to borrow or lend. Whoever don't want to trade in loans, you are not obliged to do it. You can only trade in loans with whomsoever you choose, and can call up a margin to any extent. We must have business go on.

Voice—Adjourn until two o'clock.

The Secretary—I will read the resolution as modified: That the executive session do now adjourn and that all members proceed to arrange their loans, and

that no purchases or sales made to day will be enforced by the Board. [Voices—"That will do."]

The Vice President—That is ambiguous.

Voices—How about the price?

The President—The modification is now before you to act upon.

Mr. Kelper—Gentlemen, another matter. I think it would be best for any making loans to-day to make them flat. This will suit all parties. I move we do so.

The modification was adopted; also the motion to loan flat, and the executive session was adjourned.

It was supposed by those present at the Gold Exchange, when an adjournment was made, that no further business would be transacted. About two o'clock, however, the rumor was widely floated about the street that the Bank of New York had "failed." But on further inquiry it was ascertained that the bank had only decided that they had not sufficient clerical force to successfully carry out their agreement with the Gold Exchange, as reported at the morning session. This announcement was a bombshell thrown into an excited crowd of gold bulls and bears, and some time elapsed ere the error in the statement was corrected.

Mr. Townsend Cox, President of the Gold Exchange, called the Board to order again at 3 p. m.

Mr. Bond stated that Mr. Banker, of the Bank of New York, had found that his clerical force was utterly inadequate to adjust the volume of business which the transactions of the Gold Room involved, and since had been obliged to refuse to make the clearances agreed

upon. There was no doubt, however, that if a committee of this Board would receive the statements and adjust the balances of members, the Bank of New York would take charge of the settlements.

Mr. Edwards offered the following resolution :

Resolved, That a committee of twenty members of this Exchange be appointed to receive all of the Clearing House sheets and examine them carefully without receiving any money or balances ; and, finding all correct, strike a balance sheet of the whole and present that to the Bank of New York. If accepted, then let everybody owing balance on their sheet, hand such a balance in first. Then there will be no doubt but those having money coming to them will get it.

Mr. Jackson moved to amend that the committee be authorized to engage a sufficient clerical force to aid them in their labors.

A gentleman—It is not necessary. The whole force of the Board will aid if required.

Mr. Underhill declared that the proposition of Mr. Edwards was nugatory under the rules of the Gold Room. The rules required them to clear through the Clearing House, and through no other channel.

Mr. Edwards declared that the crisis was one in which mere technicalities could have no weight. They desired to relieve the deadlock, and must get at it as speedily as possible. [Applause.]

Gen. Deas moved that a Dictator be appointed.

The proposition was received with indignation.

Mr. Edwards' motion was carried almost unanimously

and the committee was nominated by the Chairman and approved by the Board.

Mr. Jackson wished to make a statement to the members of the Board, that they might be placed on their guard, and while disclaiming all personalities, wished his fellow-members to know that James Brown & Co. had been delivering their gold above the market price to Duncan, Sherman & Co., and others, but refused to receive any gold whatever on their own contracts.

Mr. Camblos said the failure to clear gold and relieve the present difficulties rests with the members of the Gold Exchange. And while he regretted to express such a conviction, yet it appeared to him as though certain members were anxious to delay settlements, and were seeking to block any efforts made for the resumption of business.

Mr. Bend, one of the Vice-Presidents, informed the Board that several objected to the course thus far pursued, and would not send in any statements.

Mr. W. C. Taylor wished that the statements already made out might be modified if found incorrect.

Mr. Milliken thought the action of the Board could not be carried through successfully unless every member agrees to such action. No bank will assume Friday's clearings until they know what they have to do.

At this point five persuasive gentlemen were appointed to visit refractory members and induce them to join in the action of the Board.

Mr. Hodgkins wished to warn the members that

they were proceeding without wisdom or discretion, and would regret that the suggestions he had already presented were not adopted. He said the only way to extricate the Exchange from its difficulties was to require some definite hour when statements of Friday's business should be rendered.

Mr. Camblos said that every one had their statements and returns made out. If this committee meet here and strike a balance this afternoon, he was willing to pledge that the Bank of New York will receive the statements and make the clearings.

Mr. Henry S. Osborne wished to inquire if any Director of the Gold Exchange Bank, or any committee of the Board, could inform him why the Bank had been paying certain accounts, and refused to settle others, his own among the number? He had repeatedly called on Mr. Benedict, the President of the Bank, but said official nor any other could be seen.

A. Speyer at this moment frantically appealed to the members for protection, the remainder of his remarks having been lost amid the confusion and noise which prevailed.

Mr. Colgate could see only one way to get out of this muddle, and that was to permit every one to attend to his own statements, and settle ex-Clearing House with debtor and creditor according to the exigencies or requirements of the various contracts.

At this juncture a motion was made to adjourn, but Mr. Hodgkins prevented this, and urged the members to let every one have his say.

Mr. Edwards then gave notice that the committee of twenty, referred to above, will meet in the Committee Room, and at once proceed to business.

Mr. H. A. Tucker next offered a resolution, which was passed, that the whole Exchange Board stand by the action of the committee.

Another member explained the feasibility of this plan, and that the members would settle their balances without any further delay.

Just at this time Mr. Colgate announced that he would not abide by the action of the committee; neither would he send in his statement. He wanted to settle his own business without interference from others.

A motion was then made by Mr. R. L. Edwards that the committee receive statements up to twelve o'clock midnight, the committee having expressed their determination to work all night if necessary to complete the business.

Mr. Hodgkins stated that many members had requested him to renew his motion that every member who fails to hand in his statement as early as twelve o'clock to-morrow should be declared as failed.

Mr. Colgate said, excitedly: I will not send in my statement. I want to do my own business, and settle my own statements. You (addressing Mr. Hodgkins) make me fail, if you dare. I won't submit. You declare me failed, if you dare.

Mr. Hodgkins replied that, in case Mr. Colgate did not comply, by the resolution just passed he would certainly be declared failed.

The President at once called the parties to order, and this discussion, which promised to be unusually racy, was nipped in the bud.

A committee of four was appointed to proceed to the Gold Exchange Bank and learn from its officers why the remaining statements of Thursday's business were not settled.

Mr. Hoyt, the Vice-President of the Board, stated that while he did not wish to interfere with this committee, yet, as he had just returned from the bank, would briefly state the exact position of affairs in that institution. The Gold Exchange Bank, when they discovered the magnitude of Thursday's operations, almost resolved not to make the clearances of that day, but having further consulted, finally decided to proceed as usual.

Having found that many of the dealers had made out incorrect statements, they again hesitated, but discovering that large balances were due the street in gold or currency, which, if withheld until every account was corrected, would cause a greater panic than has yet been recorded, they decided to pay as they were able such accounts as they had reason to believe were correct. The officers of the bank have discovered that a number of the accounts thus paid were incorrect, and have been obliged to call upon the dealers thus overpaid to refund, and that had the dealers promptly responded the complications at the bank would have been unravelled ere this. The loss arising from the too hasty payment must, of course, fall upon

the bank, but the amount was trifling and could cause no serious inconvenience to that institution. These facts were not stated as official, but simply that the members of the Board might be apprised of the actual condition of affairs.

The meeting then adjourned, and the committee of twenty at once proceeded to organize by the appointment of Mr. H. Camblos as chairman. A very large number of statements were at once handed in, and the committee supplied with business to last them through the night. After organizing the committee adopted the following :

First. That all dealers be requested to send in their statements as early as possible, and no statement shall be received after 12 o'clock noon.

Second. That all persons expecting to present statements be advised to ascertain that every person whose name appears thereon will present similar statements, so that perfect balances may be possible early.

Third. That all such statements be made upon same basis with those made to the Bank of New York, and that as far as possible the same sheets and tickets be used.

Fourth. That persons finding it necessary to alter yesterday's (Tuesday's) statements may avail themselves of the loan market, without interest, to amend their statements, unless they are prepared to settle with cash when called upon.

Fifth. That all differences due in gold or currency be deposited in certificates or certified checks in the Bank

of New York, or other designated bank ; and that not one difference due on statements shall be paid to any person until every difference due from every person on statements shall have been deposited at such designated bank.

The committee was still busy at 9 P. M. receiving statements and endeavoring to ascertain balances. Mr. Edwards, one of the committee, said : " If dealers respond to the call of the committee and send in their statements, there is but little doubt we will be able to effect the clearance of all pending contracts made on Friday between the brokers and the Gold Exchange."

Another member of the committee said : " I have lived now twenty-four hours on a sandwich, and I can do it again. We are going to stay here till we get through, which I think will be about daylight. I have told my janitor to have the office open at five o'clock, so I can go there and lie down for a couple of hours and then get up and resume."

Another member said : " The four hundred statements at the Gold Exchange Bank on Friday were unusually large. We have over two hundred here to-night now already cleared, and you see it is only nine o'clock. I don't think that number went into the New York Bank to-day. A great many statements which did not get completed in time for the bank to-day we have now. I think there is no doubt of the complete success at clearing on Friday's operations at least."

The committee appointed by the Gold Board to settle Friday's accounts were in session the whole of

the night in Jay Cook & Co.'s basement office. The committee sat round a table, and every desk was occupied by a clerk. The scene was lively and active. It seemed midday by gaslight.

Out of sixty firms, about forty had promised to send in their statements. The rest were doubtful. The accounts of a large number were settled. Those who had not sent their statements, but had promised to do so, had locked them in safes or vaults during the afternoon, without knowing of the intended session of the committee. The accounts of Wm. Heath & Co. were among those sent in and adjusted. Smith, Gould & Martin were among the promisers for this morning. The majority of the accounts received had been settled by the parties interested, and adjusted themselves. They did not call for a balance either way. The committee had simply to record them as adjusted.

The members of the National Stock Exchange held a special meeting for the purpose of taking some action in reference to the late troubles in the Gold Board.

Mr. William Ward, Chairman of the Executive Committee, arose and said that before offering some resolutions he had been deputed to present for their consideration, he desired to say that, as the members of this Board were entirely out of the troubles that afflicted the Gold Board, it was meet that they should endeavor to supply the deficiency in the gold market. And in order that the public may not remain ignorant of the fact that the Board intended to operate in gold, he would introduce the following resolutions:

Whereas, The recent fiasco in the gold market has

left the business community without any facilities for the purchase or sale of gold, to the great detriment of business interests; therefore,

Resolved, That this Board come to the rescue, and that at ten o'clock to-morrow, and every succeeding morning, the members of this Board meet for the purpose of dealing in gold.

Resolved, That this resolution be published daily in all the principal morning and evening papers for one week.

After some remarks from Mr. Mort, who said that the Board had fallen into a resolving fit lately, and that it was time to act, the resolutions were adopted unanimously.

This action of the Stock Exchange was received with derision at the Gold Board.

"Mose," said a little, jolly broker, "did you hear the news?"

"No, Mort. No, 'pon my soul. What is it?" answered Mose.

"Why, the National, Fisk's concern, is going to sell gold to-morrow," said Mort.

"Ah! ah! that's rich, by Jove, Mort, ain't it?"

"The richest thing out. Do you remember when, at the time of the Erie rise, that fellow failed for only one hundred and eighty-seven dollars and fifty cents, and brought four other firms down the abyss with him?"

"Why, certainly I do. What do you take me for, Mose? And do you remember that Yank that failed for want of twelve dollars?"

And Mose and Mort went on recalling the number of equally heavy failures of the brokers of the National Stock Exchange.

It was admitted, however, that solid men are connected with this Board, and that this action of the National Stock Exchange will inaugurate a new era in financial circles.

After the Board adjourned yesterday morning endeavors were made to borrow gold immediately flat, but it was found difficult to do so. In one instance, in the Gold Room, two members indulged in partially abusive language toward each other on the subject. Friends interposed with quieting remarks, and the incident tapered to nothing but extreme sharpness.

At the National Currency Bank, about noon, gold was variously quoted at thirty or thirty-three. Purchasers came along who took sums ranging from ten thousand to twenty thousand dollars, but not higher. The heavy importers, it is said, were still holding off.

An enterprising reporter interviewed Mr. Albert Speyers, who emphatically denied that he was insane on the memorable Friday, and proceeded thus graphically to give an account of his operations on that occasion :

"In the morning I received orders to buy gold up to one hundred and fifty. I bought all I could get, and then reported. I was directed to go back and bid up to one hundred and fifty-five. I did that, and the market jumped up on my bid from fifty to fifty-five. At this time a gentleman, who is a member of the regular stock board—I believe his name is Hutchings—

came to me and said that there was great excitement outside and in the Stock Exchange; that people were accusing me of putting up the price of gold, and that they threatened to shoot me if I did not stop it. He advised me to stop bidding. I told him I would not do it. But I went directly to the Stock Exchange, of which I am a member, and going up to the president told him that I wanted to say something. I then jumped up on the platform and repeated what had been told me, and added "now I am here; I am a good target; shoot me if you dare. Any man that wants to shoot can have a chance now; and any man that said he would shoot me is a poor miserable coward." Perhaps I was excited; I was about exhausted, and it might have been thought I was crazy. But I was no more crazy than I am now. I went right over to William Heath's office. Mr. Heath, Mr. Fisk, Jr., Mr. Gould and Mr. Smith were in there at that time. I told them what had occurred. Mr. Fisk said they had heard something about it, but that I must not mind it. He gave me orders to go back to the Gold Exchange and buy all the gold I could up to one hundred and sixty.

Reporter—Who composed the clique that was forcing gold up?

Mr. Speyers—I don't know. On Friday morning I was sent for to go to Wm. Heath's office. I went there and found Mr. Heath, Mr. Smith, of Smith, Gould, Martin & Co., Mr. Jay Gould, Mr. William Belden and Mr. James Fisk, Jr., in the back office. They all remained there until after one o'clock, except

Mr. Belden, who left and went up to his own office about noon, I think. At one time during the day, when I manifested some uneasiness about margins, Mr. Fisk told me, as if speaking for all of them, not to be afraid; that they couldn't be broke, as they had one hundred and ten millions of "shorts," and were prepared to take all the Government could put into the market. Mr. Belden said that it was all right; that I must go ahead.

Reporter—When did you begin buying gold for this clique?

Mr. Speyers—The first of last week—Monday, I believe—I bought all along until Friday.

Reporter—How much did you buy each day?

Mr. Speyers—I can't tell you just now each day's operations. I bought about thirty-five million dollars altogether.

Reporter—Can you tell me the amounts you bought at different prices?

Mr. Speyers—No, I cannot without going through my books. I don't think that is necessary. I bought all the way from thirty-five up to sixty.

Reporter—Did you have your orders to buy in writing?

Mr. Speyers—Yes, sir; I have got them all now.

Reporter—May I see one of them?

Mr. Speyers—Oh, they are only the usual orders.

Reporter—Did Mr. Fisk make any money by his operations?

Mr. Speyers—I am told that he has said that he

made nine million dollars. I don't know anything about it. If he settles up he can't be much ahead.

Reporter—How could he have made this money and got away with it?

Mr. Speyers—The easiest thing in the world. As fast as he bought gold he loaned it on a margin. As the price advanced he increased his margins. When gold was at sixty he called in all his margins up to that figure, and so saddled the gold on to the borrowers.

Reporter—It is reported that the clique did not play square with its own members—that one member was selling out while another was buying. Do you know anything about this?

Mr. Speyers—No, sir, I do not know it; but I shouldn't wonder at it. They had other brokers employed besides me, and probably bought the very gold they sold through these other channels.

Reporter—Did you demand margins on the purchases you made?

Mr. Speyers—I did, when the parties I bought of demanded it of me. I bought three million dollars Friday morning, and a margin was called. I took the parties to William Belden's, and introduced them to Mr. Fisk, and told him that a margin was demanded. The purchase was then taken off my hands, and divided between Smith, Gould, Martin & Co. and William Heath & Co. It was at that time that they thought I was getting frightened, and assured me that it was all right.

Reporter—What did you do with the gold you purchased for these parties?

Mr. Speyers—They directed me to loan it. I did loan all I could, but others were loaning at a less rate than they ordered me to loan at. I loaned on certified checks, and when the trouble came I returned these checks. I never deposited one of them in bank. And now I find that everybody takes me by the hand and sympathizes with me. Those who lose the heaviest by these transactions sustain and defend my course in the matter.

Reporter—When did you see these parties last?

Mr. Speyers—I have not seen William Belden since Friday morning. Gould and Fisk I have not seen since Friday, between one and two o'clock. Smith and Heath are in the street every day.

Reporter—During the day, Friday, did you not see them freely?

Mr. Speyers—There was a policeman at the door of Mr. Heath's office all the time, but I went in and out freely as often as I chose until after I took parties there to procure their margins. After that I was refused admittance. I sent in my card, but word came back that they were too busy, and could see no one. I have not seen them since.

Reporter—Have they settled their margins with you?

Mr. Speyers—No, sir; if they would I should be all right.

Reporter—Don't you intend to take any steps to compel them to settle?

Mr. Speyers—That is a matter with my lawyers. Whatever they advise I shall do,

Reporter—Do you think they have got anything to settle with?

Mr. Speyers—Of course they have. They have got forty million dollars that they raised on the extra issue of Erie stock, besides all the earnings of that road to this time, even if they have made nothing in the street on their operations of last week. They've got plenty of money, if it can be got out of them.



CHAPTER XVII.

LIGHT AFTER DARKNESS.

THURSDAY, like the day that preceded it, was characterized by alternations of hope and despondency in financial circles. The morning opened more auspiciously than any that has preceded it since the ever memorable Friday. There seemed to be on every hand an abiding faith that the committee of twenty of the Gold Exchange, to whom had been committed the task of adjusting a statement of Friday's business, would succeed in the undertaking, and by fixing a tangible basis of clearance, remove the deadlock that had so long paralyzed monetary affairs and disturbed all business. In addition to this source of encourage-

ment, there was the fact that a gold market was to be established in the National Stock Exchange, and some fixed price would be put upon this necessity of business. Then, too, the semi-panic in stocks of the previous evening had called out idle capital from its places of concealment, and brought it into the market in the shape of currency seeking exchange for these stocks at the low rates at which they were selling, thus operating to relieve the great pressure that had been hourly growing greater, and threatening such serious consequences.

And so the day commenced with bright prospects and buoyant hopes that the gloom was about dispelled. There was more confidence manifested than has been shown for four days. Under the improved feeling the stock market revived perceptibly. The banks also manifested a more liberal spirit, loans were easier, and even gold experienced a decline from the nominal price at which it had been so long quoted.

The attendance at the National Stock Exchange was not large at ten o'clock, and the transactions in gold were very limited and in small lots. The price opened at one hundred and thirty and one-half, then fell off to one hundred and thirty, advanced to one hundred and thirty-one and one-sixth, receded to one hundred and thirty-one, then stood for a long time at one hundred and thirty-one and one-half, again receded to one hundred and thirty-one, then jumped to one hundred and thirty-two, then to one hundred and thirty-three, the highest point reached; again fell off to one hundred and thirty-two, one hundred and

thirty-one and seven-eighths, one hundred and thirty-one and three-fourths and one hundred and thirty-two. At the close of the market one hundred and thirty-one and a half was bid and one hundred and thirty-two asked.

In the regular Gold Exchange—the centre and focus of the trouble and interest—five meetings were held during the day, all of which were fully attended. At the early meeting the temporary Clearing Committee reported most satisfactory progress. They had received a large majority of the statements of dealers, and were confident of effecting a settlement. At a later hour they reported all the statements in but four, and these promised. This statement had a most happy effect on the street and increased the growing sense of security.

Despite these bright anticipations, they were ultimately doomed to fail entirely through the obstinacy of a single firm that refused to come into the arrangement, even after giving the most positive assurances that they would do so. This was the firm of Smith, Gould, Martin & Co., who are popularly credited with being the principal operators for the great ring. At the very last moment, and after the committee had exhausted their own patience as well as their persuasive powers in the effort to induce the firm to submit a statement, they positively refused, and so the whole plan of settlement was again frustrated.

But despite this failure the unwearying labors of the committee had not been in vain. They had ascertained precisely how the Gold Exchange stood in its

aggregate transactions during the wild hours of Friday, and fixed the responsibility for any further embarrassment in the market where it properly belongs. The Gold Exchange, on the statements submitted to the committee, was "short" for six millions of gold. This amount of gold would be represented "long" on the absent statement in order to effect a balance.

The Gold Board met promptly at ten o'clock.

The President on calling to order said: "We will now resume our executive session. This is an adjourned meeting of the executive session. We will now hear a report from the Chairman of the Committee of twenty, who are attending to the clearing. You will listen to Mr. Camblos."

Mr. Camblos said: "Gentlemen, I am happy to say that I feel very, very cheerful indeed. [Voice—"Louder."] I will talk loud enough before I get through. About carrying through this project. We are now very far in advance of where we were at ten o'clock yesterday. If we don't succeed I shall be very much disappointed indeed. Everybody appears to be coming up. Many who said yesterday they would not clear, have promised me they would to-day. I don't want to arouse any undue expectations that the thing is certain. I hardly know how to properly express my hopes and feelings without raising your expectations too high. I must not be understood as saying the thing is sure. We have got the accounts made up of about two hundred, and there are about forty to come. Of those forty there have been tickets

sent in for at least two-thirds. I don't know as I can say anything more. It rests with you whether this thing shall be a success. It is for you now to come up to this clearing work. We will find a safe place of deposit for your money. We will guarantee you that not one dollar of it shall be paid out till every dollar of gold or currency is satisfactorily disposed of. I think there is no reason why you people should not put your shoulders to the wheel. It is an important thing, much more so than many of you may believe. I can only repeat that as far as the committee are concerned, we are determined to do it. [Voices—"Good, good."] If we fail, we fail because of a lack of assistance from you, and on your shoulders must rest the blame." [Voices—"Good, good, good."]

Mr. Edwards being called for, said: "I don't see anything to prevent us carrying this whole scheme through. We have got nearly all the statements in. Everything is going on as well as can be. Mr. Colgate has announced that he will send up his statement. [Voices—"Good, good!"] All we want is confidence and hard work." [Voices—"Good, good!"]

Mr. Hodgkins, standing among the crowd, took off his hat and said: "Some delay is occasioned in getting in the statements, on account of the tickets of yesterday being destroyed. New tickets have had to be obtained this morning. This is the cause of delay in regard to my statement, and probably of many others."

Mr. Edwards—"Only thirty-seven more statements are to come in."

The Board then adjourned until twelve o'clock, or subject to the call of the President.

Ten minutes afterward the gavel sounded again on the President's desk, and H. W. Gray, of Gray, Prince & Co., not a member of the Gold Exchange, but of the Stock Board, was introduced by the President, who said Mr. Gray had a few remarks to make.

Mr. Gray said: "I have had an interview with Mr. Vermilye, the President of the Clearing House Association, and asked him, in order to insure these clearings, if the banks would keep open until four o'clock for the certification of checks, and deposits, and other regular business. He said if that would do it the banks would keep open not only until four o'clock, but even until six. They will do it." [Voices—"Good!"] The object in having the banks open, as stated above, was simply to enable parties on the street, affected by the gold speculations, to make good their accounts by six o'clock, which they might not be able to do by three. The meeting then dispersed.

Some outsiders who observed sales of gold being made among the members during the recess of the Exchange, appealed to the Secretary of the Board, who gave the following explanation: "The Board is understood to be in executive session. The President has decided that no sales or purchases of gold made while the Board is in executive session will be enforced by the rules of the Board. The market therefore is

irregular, and contracts made to-day will not be enforced. It is probable, however, that the purchases and sales of to-day will be consummated as surely as if they took place regularly. Parties who sold gold Friday and did not buy it back are covering their contracts by purchases made now. There is a necessity for this. There are some who must have gold to deliver to the persons to whom they sold last Friday. There are others who bought gold last Friday to cover their contracts, and who find themselves unable to make a delivery of the gold they had sold previously at a higher price, who are compelled now to sell it out. Hence the operations, buying and selling to-day."

At noon the Board was reconvened.

The President announced that Mr. Fisher, Chairman of the committee of three appointed yesterday to wait upon the New York Gold Exchange Bank, is ready to report. He was not here at ten o'clock, but was ready now.

Mr. Fisher—I have to report that in accordance with the resolutions passed, we went to the President of the New York Gold Exchange Bank, who gave us this statement:

Mr. Fisher then read:

"An officer of the bank went into the Gold Room on the morning of Friday, the 24th instant, and suggested to a few that it would be impossible to clear the transactions of that day on account of an attempted corner. But on consultation it was decided that it was the duty of the bank to make the attempt,

even at some sacrifice. The bank assumed the clearing movement in the usual manner, and received in payment of balances a very large amount of gold and currency.

“It was necessary to restore a large portion of those amounts to the dealers, or wide-spread disaster would have followed.

“To do this the bank was forced to depart from the rule of receiving all balances before paying any, and went on paying dealers a portion of the balances on their statements, reserving a safe margin where practicable, and trusting to the dealers to make good any over-payment on the final settlement. This was the course pursued on Friday and Saturday.

“On Saturday, a committee was appointed at an informal meeting of dealers to confer with the Directors, who went into an investigation extending through Saturday and Sunday, on the plan to declare nine dealers rejected from the Clearing House, and assume the rest as good—the only basis of settlement they deemed practicable.

“The bank acted on this in paying dealers on Monday. The emergency of the settlement with the Clearing House of the banks on Monday and Tuesday was passed by transferring to the committee of the Clearing House a sufficient amount to secure the balance due to the bank.

“The bank has now at its control (after settlement with the Clearing House of the banks) not far from the amount of its capital and surplus, with which to liquidate the dealers' statements, as soon as we

can ascertain what is due from the bank to the dealers, and from the dealers to the bank. It is the expectation that these results can be approximated to-day, and from all the evidence now accessible, we believe the bank to be solvent and able to pay all its debts. No complications, just at present, except on our dealers' statements. The bank has not failed or suspended.

"It has paid all its obligations as stated. It paid Monday's obligations at the Clearing House in gold at par, and on Tuesday one million dollars in gold, and say one million three hundred thousand dollars in securities.

"H. M. BENEDICT, *President*.

"*September 28, 1869.*"

The President—Mr. Fisher has some remarks to make.

Mr. Fisher—After getting through with that I had a long conversation with Mr. Benedict. The bank had ceased paying any money till the proper balances were adjusted. We attempted to do that last night. I stayed there till half-past three o'clock this morning. Everybody was then exhausted. We succeeded very well for the night. They are working at them this morning. And in addition there are now injunctions in the bank which restrain them; therefore they cannot pay any more out till the balances are all adjusted.

Voices—Who got out the injunctions?

Mr. Fisher—There are two or three.

Voice—We don't want the names.

Mr. Fisher—In relation to other things: It appears the bank has paid balances to parties before the proper balances were ascertained. The money went to some of the most respectable dealers in Wall street. It was understood at the time that the moneys were paid out to these parties that they held themselves responsible for any amount that might be received from the bank for the parties the gold was going to. That, I have no doubt, will be done. Then again, and as I said yesterday, I thought the bank was carrying some concerns on their backs outside the bank. I am pleased to say I think I was mistaken. In fact I know it. I was shown the entire list of names. Among them are twenty-five as good as any houses on the street. I believe every dollar of that will be paid. I understood yesterday about half had been paid. These collaterals are in the possession of Mr. Vermilye. So far as the affairs of the bank are concerned I am fully satisfied they will be settled all right. The bank owes me money and I am willing to wait.

The Secretary moved the report be accepted, which was passed.

The President—Mr. Jackson, one of the committee of twenty, will make a report on the progress the committee is making.

Mr. Jackson—Mr. President, and gentlemen of the Gold Room: We are getting along remarkably well [Voices—"Hush!"] in our committee. There are only four statements that we know of to come in. That, I think, ought to be very gratifying to the

members. [A voice—"It is!"] Give us a little time. [Voices—"Give you a week!"] All we ask is a little time. There are four statements to come in yet. We are driving at those people and I think we will get them in. We are also making arrangements with the Farmers' Loan and Trust Company and the City Bank. Mr. Alston, of the Farmers' Loan and Trust Company is willing to undertake your clearance. We have got down Friday's operations so close that we will know who will fail. We are making arrangements now for the clearances.

A recess was then taken.

At 2 P. M. the President called order. The room, lobbies, and gallery were packed. The President said the Board was still in executive session. He was informed that the committee of twenty was about ready, and called the meeting accordingly.

D. Jonge—I was just in the office of Smith, Gould, Martin & Co., and Mr. Edwards, of the committee of twenty, was there. The committee were endeavoring to obtain Smith, Gould, Martin & Co.'s statement.

The President—The chairman of the committee is here.

Mr. Camblos—We have again failed in attempting to clear this Board. Every house that I believe was engaged in Friday's business has sent in their tickets except Smith, Gould, Martin & Co.

Voice—I move that we hang them.

Mr. Camblos—We expected their sheet last night. About ten o'clock they came in, and said it would be impossible to give it then, but at ten o'clock this

morning they would surely hand it in. I think every member of the committee has been to their office urging them up all through the morning. I myself have been to their office three times, and I told them the success or failure of this thing hinged upon their statement coming in. I used every argument I could; I made every effort. They constantly promised. They have not refused, but it is now five minutes past two. We feel it is our duty to announce that it seems they do not intend to come in. I don't believe they ever intended to come in. [Voices—"No! no!" Voice—"Let us go and pull their house down!" President—"Order! order! We want quiet here. We must all keep quiet, and decide what is best to do."] They kept us believing they would send in their reports from time to time, merely for the purpose of forcing those who were short to buy their cash gold at thirty-five. A great many things have occurred to-day to make me believe that. We are very sorry. Every member of the committee has worked like a horse. As I said yesterday, and say now, the clearing rests upon these people. The sheets are in a condition that they could be closed and balanced in fifteen minutes if we had the statement of Smith, Gould, Martin & Co.

The President—Have they refused to send in their statement?

Mr. Camblos—They have not refused to send it in, but they have put us off from time to time.

Mr. Leland—If the committee could make up a statement from the tickets already in, would we not in that way ascertain how Smith, Gould, Martin &

Co. stand? By that means we might find out exactly how they stand.

The President—Why would it not be well for some one to make the motion that such a statement be made out by the committee?

Mr. Leland—I make that motion.

The President—We can take a recess until the statement is reported.

Mr. Colquit—I make a motion that a committee be appointed to wait on Smith, Gould, Martin & Co.

The President—They have been waited on by a committee. Come to order! order! order!

Mr. Robinson inquired if it was possible to clear where the parties had nothing to do with Smith, Gould, Martin & Co. "I have a statement in," he said, "which has nothing to do with those parties."

S. Campbell—There are other parties who may have something to do with them.

The President—The whole machinery is out of gear. Mr. Leland made a motion that the committee make out a sheet from the tickets of Smith, Gould, Martin & Co. as far as they have come in; that the committee make out that statement and bring it here to us. Then we can see what to do with it.

Mr. Hodgkins inquired if the committee could bring in a statement which would show who and how many would be required to make good any deficiencies arising from the failure of Smith, Gould, Martin & Co. If such a statement was made the members could compare, and promise in writing to bear their *pro rata* share of the deficiency.

Voices—No! no!

Mr. Hodgkins—I offer my suggestion as an amendment to Mr. Leland's motion.

The President—It has not been seconded.

Mr. Grinnell—I wish to make a motion that we refer the matter back to the committee, requesting them to state what we had better do. They have been working for us for twenty-four hours, and they know best what we should do. They are the best men we have got in the room.

S. Campbell—I second Mr. Grinnell's motion.

Vice-President Hoyt—We told Smith, Gould, Martin & Co. [Voice—"Shame on them!"] everything depended on them. The committee have noticed among the tickets which have been handed in a large amount of the tickets of Smith, Gould, Martin & Co. I stood for an hour talking with Mr. Smith, and his reply to one question I took down in writing, thus: "My instructions were, I must not send in a statement until Smith, Gould, Martin & Co. have had time to find out whether the clearances made in this way will affect the contracts of ours made deliverable to the New York Gold Exchange Bank." He said they had a large number of contracts made expressly deliverable to the bank. This is the quibble he gets out on. [Voice—"Shame on him!"]

The question on the motion to refer back to the committee was put and carried with only two dissenting voices.

The President—The matter goes back to the com-

mittee to report what is best for us to do. Mr. Gray will now make a statement.

Mr. Gray—We have discovered that there is about six millions gold short, and the only present apparent place to obtain that gold is at Messrs. Smith, Gould, Martin & Co.'s; and if we put these clearances through now with a rush we will force those short to buy their long gold.

The President—There is no motion before the house. This is Mr. Gray's opinion. The matter is left to the committee to report on.

Mr. Hoyt spoke on what Mr. Gray had said about Smith, Gould, Martin & Co.'s long gold, and concluded by saying it seemed to him it was the policy of every short dealer to cover at thirty-five. [Several Voices—"Good."]

The President—Come to order, gentlemen. (Gavel.)

Mr. Jackson did not see that the room would be compelled to take Smith, Gould, Martin & Co.'s gold.

Mr. Keppler replied to Mr. Gray's statement. Smith, Gould, Martin & Co. were left long of gold over six millions. He did not agree with Mr Gray that the street would have to buy that long gold from them for cash. Smith, Gould, Martin & Co. had clearly shown their inability to take up that gold at thirty-five. He presented some illustrations in point. It was of very grave importance whether they would or not combine together and settle among themselves at thirty-five.

After some desultory discussion, Mr. Waller inquired: "Is it possible for this room to fix a settled price for

all these contracts? Can this room say that those contracts shall be settled at thirty-five."

The President—I think the committee could not reply to that.

Mr. Waller—I merely threw that out as a suggestion. I want to see if what has been done in the Stock Board can be done here. It has been done in stocks.

Mr. Haven—I want to know if Smith, Gould, Martin & Co. will give us the gold at thirty-five. [Voice—"If they don't we are no worse off."]

Mr. Edwards thought the Board had better "go up there and try it." He said: "There are only two things I can imagine as possible to do; to get the Board to buy of them; otherwise, settle ex-Clearing House. [Voices—"Ex-Clearing House."]

On motion a recess was taken, subject to call.

Voice (bystander near the President)—I don't want to sleep on this thing another night.

At 4.30 p. m. the Board was called to order again.

Vice-President Hoyt took the chair, and said the report of the committee would now be heard.

Secretary Acker read it: "The committee report that we have placed the making up of the accounts of Smith, Gould, Martin & Co. in the hands of competent accountants; that we find it impossible to make a clearance, by reason of the absence of Smith, Gould, Martin & Co.'s statement; that we can recommend no plan for future action, except transacting ex-Clearing House; that we beg to be discharged after returning

the certificates and tickets to the persons presenting them."

A motion was made that the committee be discharged.

Mr. Hodgkins didn't think it would be wise to discharge the committee. Many questions would arise which the committee could judiciously act on.

The question was put on the acceptance of the report and carried.

Mr. Bend announced that an injunction had been served restraining him from selling out gold on account of Smith, Gould, Martin & Co.

Mr. Leland said: "If the room is largely short, let Smith, Gould, Martin & Co. be declared failed. Then let every house having gold going to Smith, Gould, Martin & Co. sell that gold out on their account at thirty-five, buying it themselves, thus bringing themselves into the position of creditors of Smith, Gould, Martin & Co. to the extent of the difference between what the gold was going to them at and one hundred and thirty-five. This will obviate the necessity of any large sales of gold to satisfy the market. As to the current price at the time of closing on Friday, there is abundant proof that it is not only a fair price, but considerably higher than the price ruling since. Smith, Gould, Martin & Co. are long of gold at a high price. They cannot receive it. The gold must be sold for their account. Let us do as I propose, and wipe them from our books at once and forever."

Mr. Bend remarked that as for himself he had five million dollars going each way. He said: "I don't

know whether I am solvent or not. Let us go to work and get the gold off our books. If parties who bid for it cannot receive it, let us sell it out. However, if gold goes out ex-Clearing House, every tub will have to stand on its own bottom."

Voice—Some have no bottom to stand on.

The Secretary—I have a resolution placed in my hand by Mr. Underhill. I will read it:

Resolved, That the transactions of Friday be settled ex-Clearing House.

The question being put on the adoption of the report of the committee, it was decided in the affirmative.

The Vice-President said the business now before the house was the two propositions: Whether Friday's operations be closed out on account of the brokers who held the gold, or, acting on the suggestion of Mr. Leland, it be settled privately.

Mr. Bend—Of course we are not going to crowd each other. I only want to fix the liabilities.

Voice—Who issued the injunction?

Reply—Judge Cardozo.

The Vice-President—Are you prepared to order a general sale under the rule?

The question came up on the adoption of the resolution introduced by Mr. Underhill, which was amended to read, "Ex-Clearing House *to-morrow*."

Secretary Ackers called attention to the fact that by "to-morrow" parties other than Smith, Gould, Martin & Co. would have injunctions sued out restraining members from selling out on their account; therefore the resolution, if adopted, would prove to no purpose.

Vice-President Hoyt—Let it be passed then simply, “settle ex-Clearing House to-morrow,” without specifying the exact mode.

The resolution was then passed, amended in accordance with the last suggestion.

On motion of Mr. Tucker the executive session was adjourned, and on motion of the same, the Board adjourned until this morning at ten o’clock, for regular session.

The following is the injunction in full served upon the officers of the Gold Exchange, restraining them from selling out or buying in any gold on account of Smith, Gould, Martin & Co.:

Supreme Court, City and County of New York.—Henry N. Smith, Henry H. Martin, J. Gould, and James B. Bach, plaintiffs, *v.* Townsend Cox, Thomas A. Hoyt, George H. Bend, Thomas P. Akers, and George Phipps, and Townsend Cox as President of the New York Gold Exchange, defendants. Complaint.—The plaintiffs complain and allege:

First. That they are copartners, doing business as brokers and bankers in the city of New York, under the firm name of Smith, Gould, Martin & Co.

Second. That the New York Gold Exchange is a joint stock association, composed of more than two hundred persons, associated together for the purpose of transacting business in gold; and almost, if not quite, the whole of the purchases and sales of gold in the city of New York are made in the rooms of the said association, where only its members are allowed to transact business; and it is practically impossible for any one

to transact business at wholesale in the purchase and sale of gold as a broker in the said city unless he is a member of the said association. That the above-named Henry N. Smith is a member of the said association, acting therein as the representative of the plaintiffs, who have continually large dealings at wholesale in the purchase and sale of gold as brokers in the city of New York; and the plaintiffs have paid to the said association, in the name of the said Henry N. Smith, an initiation fee of one thousand dollars, the same being required by the said association from each of its members as the condition of their privileges therein.

Third. That the defendant Cox is the President of the said association, the defendants Hoyt and Bend are its Vice-Presidents, the defendant Akers is its Secretary, and the defendant Phipps its Treasurer.

Fourth. That by the rules adopted by the said association, all contracts made by its members for the purchase or sale of gold are to be settled through the New York Gold Exchange Bank, unless otherwise expressed in the contracts themselves.

Fifth. That the said bank is a Clearing House, to which all the members of the said association have been accustomed to send daily statements of their transactions in gold; and the said bank has been accustomed to make up from such statements a general account, and strike a balance to the debit or credit of each of the dealers, showing the net amount of gold and currency which will be due to or from him, from or to all other members of the said association; and

such balance is in every case but very small in proportion to the whole amount of each dealer's transactions, the proportion or ratio of such balance to the whole amount diminishing greatly as the transactions increase, so that where a broker has purchased ten million dollars of gold from other brokers, and sold ten million one hundred thousand dollars of gold to a different set of brokers on the same day, he would, under the operation of the aforesaid rule, have to provide only one hundred thousand dollars gold to fulfil all his contracts on that day; whereas, if no such practice existed, it would be necessary for him, in order to carry out his contracts, to provide himself with ten millions of dollars in gold to deliver, and ten millions one hundred thousand dollars in currency, in addition to any premium on the gold, to pay for the coin which he is to receive.

Sixth. That on Friday, the 24th day of September, 1869, purchases and sales of gold were made for the account of the plaintiffs, in the room of the said association, and under its said rule, to the amount of over forty millions of dollars; and the transactions of the members of the said association in gold had in the same manner on that day amounted, as the plaintiffs are informed and believe, to more than three hundred millions of dollars.

Seventh. That the said Gold Exchange Bank has declared itself unable to make a clearance of the transactions in gold had as aforesaid on the said Friday, and wholly refuses to make up any statement of such transactions, or to strike any balance therefor; and, as

the plaintiffs are informed and believe, it has suspended payment upon its current obligations, and is insolvent; and the said bank has not made, or attempted to make, any clearance of such transactions, nor, as the plaintiffs are informed and believe, is it possible for it to do so.

Eighth. That the plaintiffs, and all other parties to contracts for the purchase or sale of gold on the occasion aforesaid, (with the exception of a few contracts involving a comparatively small sum in all,) contemplated the settlement of all such contracts through the said bank, and by means of its system of clearing accounts; and would never have entered into contracts of such magnitude had they supposed that they would be required to settle them without the intervention of a clearing house; that upon any other plan the said contracts could only be carried out, according to their terms, by the parties thereto raising and tendering to each other in one day the sum of three hundred million dollars in gold coin of the United States, or certificates therefor, on the one hand, and about four hundred and fifty million dollars in paper currency of the United States on the other hand, which would be an absolute impossibility, (there not being, as the plaintiffs are informed and believe, half the said amount of gold coin of the United States upon this continent, and not more than twenty-five million dollars thereof in the State of New York, except what is held by the Federal Government, nor so much legal tender currency in existence;) and it would be absolutely impossible that the contracts aforesaid should be fulfilled

without the intervention of some species of clearing house.

Ninth. That the defendants, and a number of members of the said association acting with them, without any lawful authority, have assumed to appoint a committee from among themselves, to clear the said transactions, and strike a balance of the accounts; and, as the plaintiffs are informed and believe, the said committee intend to throw out of the said accounts a large number of the said transactions in gold, actually entered into as aforesaid; and the result of such a clearance, if acquiesced in by the plaintiffs, would be to subject them to a very great loss, and to compel them to pay a much larger sum as balance than would be just.

Tenth. That by another rule of the said association, it is provided that when any of its members fail to perform their contracts in respect of gold, the President of the said association shall buy or sell gold, as the case may be, publicly for the account of such member and of his principals; and that unless such member makes good any loss thus incurred, he shall be deprived of the privileges of membership.

Eleventh. That, as the plaintiffs are informed and believe, the defendants will be called upon to make large sales of gold for account of the plaintiffs under the said rule, and will do so under the pretence that the plaintiffs are in default upon their contracts aforesaid, in failing to pay balances adjusted in the unlawful manner aforesaid, or to fulfil particular contracts on demand without the intervention of any

clearing house; and in case of the failure of the plaintiffs to pay the amounts thus unlawfully estimated to be due from them, to deprive the said Henry N. Smith of his privileges in the said association and to expel him therefrom.

Twelfth. That the injury which would be caused to the plaintiffs by carrying out the said scheme would be very great, amounting to a destruction of their business as gold brokers, and it would be impossible to ascertain even approximately, the pecuniary damage which they would thereby sustain, or to fix upon the particular persons who had caused them such damages, inasmuch as the said association is not incorporated, and could not be made collectively liable for such damage.

Wherefore the plaintiffs demand judgment—

That the defendants and each of them, and each and every officer and member of the said New York Gold Exchange, be restrained by injunction from buying or selling any gold on account of the plaintiffs or any of them, without authority other than that given by the rules of the said association, upon any pretence of the plaintiffs' failure to perform contracts for the purchase or sale of gold, entered into on Friday, the 24th day of September, 1869, and from taking any measures, otherwise than through the process of the public courts of justice to enforce against the plaintiffs, or any of them, any of such contracts, and from expelling or excluding the said Henry N. Smith from membership in the said asso-

ciation, or from the exercise of his privileges as a member thereof.

FIELD & SHEARMAN,
Plaintiffs' Attorneys.

City and County of New York: Henry N. Smith, being duly sworn, says that the foregoing complaint is true of his own knowledge, except as to the matters therein stated to be upon information and belief, and as to those matters he believes it to be true.

HENRY N. SMITH.

Sworn to before me, this 28th day of September, 1869.

MORTIMER SMITH,
Notary Public, New York.

Supreme Court.—Henry N. Smith, Henry H. Martin, Jay Gould, and James B. Bach, plaintiffs, against Townsend Cox, Thomas A. Hoyt, George H. Bend, Thomas P. Akers, and George Phipps, and Townsend Cox as President of the New York Gold Exchange, defendants.—Injunction by order.—It appearing satisfactorily to me by the complaint, duly verified by the plaintiffs, that sufficient grounds for an injunction exist, I do hereby order that the defendants, and each of them, and each and every officer and member of the said New York Gold Exchange, refrain from buying or selling any gold on account of the plaintiffs, or any of them, without authority other than that given by the rules of said association, upon any pretence of the plaintiffs failing to perform contracts for the purchase

or sale of gold entered into on Friday, the 24th day of September, 1869, and from taking any measures, otherwise than through the prosecution of the public courts of justice, to enforce against the plaintiffs, or any of them, any of such contracts, and from expelling or excluding the said Henry N. Smith from membership in the said association or from the exercise of his privilege as a member thereof, until the further order of this court; and in case of disobedience to this order you will be liable to the punishment therefor prescribed by law.

Dated New York, *September 29*, 1869.

ALBERT CARDOZO, J. S. C.

The following is the injunction against the Gold Exchange Bank, and order for the appointment of a receiver, served upon the officers of that institution, and by virtue of which Augustus L. Brown, Esq., took possession of the bank and its contents as receiver:

Supreme Court.—Charles J. Osborn, plaintiff, against The New York Gold Exchange Bank, defendant. Summons for relief. (Complaint served.) To the defendant: You are hereby summoned and required to answer the complaint in this action, of which a copy is herewith served upon you, and to serve a copy of your answer to the said complaint on the subscribers at their office, No. 4 Pine street, in the city of New York, within twenty days after the service hereof, exclusive of the day of such service; and if you fail to answer the complaint within the time aforesaid, the

plaintiffs in this action will apply to the court for the relief demanded in the complaint.

FIELD & SHEARMAN,
Plaintiff's Attorneys.

Dated New York, *September 27*, 1869.

Supreme Court, City and County of New York.—Charles J. Osborn against The New York Gold Exchange Bank.—The plaintiff complains and alleges—

First. That the defendant is a corporation duly organized by and under the laws of the State of New York, located and doing business in the city of New York as a gold Clearing House.

Second. That the plaintiff is a creditor of the said corporation in an amount exceeding thirty-one thousand dollars.

Third. That in addition to its usual banking business, and in its character of a Clearing House, it is the custom and business of the said corporation to receive from its dealers daily statements of their transactions between each other in gold, showing the amounts due to, or owing by them to each other. The said bank then makes a clearance or general balance of said several accounts of its dealers, and places to the debit and credit of its dealers upon its books the balances which on such clearance appear to be due to or from them respectively. The dealers having balances to their debit pay the same into the bank, which then undertakes forthwith to pay the other dealers the balances standing to their credit respectively.

Fourth. That by reason of such course of business

and custom the correctness of such general clearance and of such debits or credits is entirely dependent upon the correctness of such several daily statements so as aforesaid made with and the ability of the said bank to pay to its several dealers any balance due to them, is also entirely dependent upon the payment to the bank of the accounts or balances due to it from its dealers; and so numerous are the transactions of its dealers among themselves that the failure of any one of them to pay to the bank the balance due from him, will inevitably throw into confusion the accounts of a large number of its other dealers, so that said Bank cannot safely pay to any of its dealers any balances due to them until all and every of the accounts or balances due from the other dealers are paid.

Fifth. That, as the plaintiff is informed and believes, there is a large amount to his credit, and to the credit of many other persons, in its hands, but its officers profess an entire inability to make out a statement of such balances, or to ascertain the amount thereof, and have refused to make any such statement, or to pay the plaintiff any part of the balance due to him, although the plaintiff has requested it to do so.

Sixth. That the said company is insolvent, and indebted to various persons in the amount of several millions of dollars, which it is unable to pay.

Seventh. That the affairs of the said company are in a state of entire confusion; it has been unable to make up its accounts for several days, and there is great danger that unless its affairs are wound up by this court, its funds will be paid out to persons not

entitled to receive the same, and its assets wasted and irretrievably lost.

Wherefore plaintiff demands judgment :

First. That the defendant be dissolved.

Second. That the defendant, its officers, agents, and servants, be restrained by injunction from exercising any of the corporate rights, privileges, or franchises of the defendant ; from collecting or receiving any debts or demands, and from paying out, or in any way transferring or delivering to any person, any of the moneys, property or effects in its possession, and from receiving from its dealers any balances due from them, and from clearing any of the accounts of its dealers, and from paying to any person or persons whomsoever any balances which may appear by its books, or by said accounts of its dealers, to be due to them.

Third. That a receiver be appointed to take charge of the property and effects of the defendant, to collect, sue for, and receive the debts and demands and balances which may be due, and the property that may belong to the defendant ; to receive the statements and accounts of its said dealers and to make a clearance thereof under the direction of the court, and in general to wind up and settle the affairs of said defendant.

FIELD & SHERMAN,

Plaintiff's Attorneys.

City and County of New York, ss. : Charles J. Osborn being duly sworn, says that he is the plaintiff in the above entitled action ; that the foregoing complaint is true of his own knowledge, except as to the matters

therein stated on information and belief, and as to those matters he believes it to be true.

CHARLES J. OSBORN.

Sworn to before me, this 28th day of September,
1869.

MORTIMER SMITH,

Notary Public, New York.

Appended to this complaint is the following affidavit of the complainant and the subjoined order of the court :

Supreme Court, City and County of New York.—
Charles J. Osborn against The New York Gold Exchange Bank. *City and County of New York, ss.:*
Charles J. Osborn being duly sworn, says :

1. I am the plaintiff in this action.
2. I have read the complaint herein, and except so far as the same is true of my own knowledge, the statements therein are founded upon admissions made to me, or in my presence, by officers and agents of the defendant having full knowledge of its affairs.
3. The accounts of the defendant for its transactions on Thursday last, September 23d, 1869, covering many millions of dollars, were not made up when the defendant closed business on Saturday, the 25th of September, 1869, and the balances due upon such accounts were not paid at twelve o'clock noon of this day, if they have been paid at all ; and the defendant's officers have openly declared their entire inability to make a statement of such accounts, or to settle the balances thereon, unless some of their creditors would advance to the defendant a very large sum of money to pay debts due the defendant from other persons

which it was unable to collect, and one or more of its creditors have advanced a considerable part of this sum, but have nevertheless not obtained a settlement of the said accounts.

4. The transactions of dealers with the said bank on Friday last, September 24th, 1869, amounted to several hundred millions of dollars, and that the said defendant has not yet begun to make any statement of such transactions, and the officers of the defendant having charge of its affairs have not only declared their entire inability to make up the accounts for the said Friday until the said Thursday's accounts have been settled, but refused to say whether they would be able to make a settlement of Friday's accounts in any case.

5. I am informed by some of the officers of the defendant that it has made considerable payments on account of its transactions on the said Thursday to a few favorite creditors, upon the basis of a statement of the accounts which was afterwards found to be unreliable, and I believe that the payments thus made have so far reduced the assets of the defendant as to have destroyed its ability to settle the accounts upon their true basis.

6. The defendant's capital is only five hundred thousand dollars, and I am informed and believe that its liabilities, by reason of the said payments and the general confusion of its accounts, exceed its good and collectable assets by much more than that sum.

C. J. OSBORN.

Sworn before me, this 28th day of September, 1869.

MORTIMER SMITH,

Notary Public, New York



OLD EXCHANGE BANK.





At a special term of the Supreme Court of the State of New York, held in and for the county of New York, in the court-house in the said city, this 29th day of September, 1869. Present, the Hon. Albert Cardozo, Justice. Charles J. Osborn against The New York Gold Exchange Bank. On reading and filing the complaint herein duly verified, and the affidavit of Charles J. Osborn, plaintiff, and on motion of Field & Shearman, plaintiff's attorneys,

It is ordered, That the defendant, the New York Gold Exchange Bank, its officers, directors, agents, attorneys, and servants, each and every one of them, refrain from exercising any of its corporate rights, privileges, or franchises, and from collecting or receiving any debts or demands, and from paying out or in any way transferring or delivering to any person or persons any of the moneys, property, or effects in possession of the defendant, and from receiving from its dealers any balances due from them, and from clearing any of the accounts of its dealers, and from paying to any person or persons whomsoever any balances which may appear by its books or by said accounts of its dealers to be due to them, until the further order of this court.

And it is hereby further ordered that the defendant shall show cause before a justice of this court, at a special term thereof to be held at Chambers, in the city of New York, on the first Monday in October, 1869, at ten o'clock, A. M., why a receiver of all the moneys, property, effects, and franchises of the said defendant should not be appointed, pursuant to the

provisions of the revised statutes in such cases made and provided, with the powers and authority conferred upon receivers in such cases, and why the plaintiff should not have such other and further relief as may be just; and in the meantime, and until the hearing and decision of the motion, Augustus L. Brown, Esq., is hereby appointed such receiver, upon his presenting to the Court, or a Justice thereof, a good and sufficient bond to the people of this State, to be approved by said court or justice, in the penalty of ten thousand dollars. Ent.

A. C., J. S. C.

(A copy.) CHAS. E. LOEW, *Clerk.*

CHAPTER XVIII.

INTERVIEWING NOTABLE FINANCIERS.

OF course the ubiquitous reporter was not idle during the exciting events of the gold excitement, and in his laudable search for spicy items he button-holed every prominent bull or bear indiscriminately, and squeezed out of him facts, opinions, and fancies; treating him as a human sponge, to be wrung out dry. The graphic description of one of these "bull hunts," portrayed by a chronicler of infinite jest, deserves to be preserved as an interesting record of contemporaneous history, and is accordingly transcribed in full.

"If you go down to Broad street and halt before No. 30 you will see, provided you keep your eyes open, the name of "Daniel Drew, Room 29." It was for the purpose of entering room 29 and finding Daniel Drew that a reporter went down to that turbulent locality. It required no little effort to reach the desired point, for Broad street was thronged with agitators—with frantic bulls and frantic bears, who tossed here and pawed there, and looked with eyes of curiosity on any other animal that dared to put in an appearance. The first words that assailed the ears of the reporter, as he steered his way out of Nassau street into Broad, were:

"I tell you he's a cussed thief, and if I ever get a chance I'll blow his cussed brains out."

"You go to Tophet."

This was the response of a big man, attired in a blue velvet coat, white pants, straw hat, patent leathers, and immense gold watch-chain, who had no sooner given utterance to the terrible expression than he shot into the excited multitude and was seen no more.

The reporter approached the gentleman who would like to blow somebody's brains out, and asked:

"Can you inform me where Mr. Daniel Drew's office is, sir?"

Brain Blower—Yes, I can; but who are you?

Reporter—You seem to be very much excited about something.

Brain Blower—Oh, you be shot. I don't know you. All that I know is that I lost fifty thousand dollars in

this infernal swindle, and I want to get a-hold of the thief who did it.

Reporter—Well, who do you think did it?

Brain Blower—It's none of your business. Leave me.

And we left.

A minute or two later we had succeeded in working our way through the physical and mental storm that raged in the street. We stood in front of No. 30. We looked at the gilt signs of the directory on either side of the doorway. The name of Daniel Drew was there, and it told us that in room 29 the ex-President of Erie could be found—that is, if he were not elsewhere. It was only the stepping up of one flight of stairs that brought us to room 29. A number of clerks behind a black walnut railing, and seated at black walnut desks, looked up at us and said to us with their faces:

“Who do you want to see, and what's your business?”

Approaching a bright-faced youth who occupied one of the seats behind the railing, we inquired, “Is this the office of Mr. Daniel Drew?”

Bright-faced Youth—It is.

Reporter—Is Mr. Drew in?

Bright-faced Youth—Do you want to see him on particular business?

Reporter—I want to see him personally, and if he is in I will send in a card.

Bright-faced Youth—But he isn't in.

Reporter—He has been in, hasn't he?

Bright-faced Youth—Yes.

Reporter—Do you think he will return this afternoon?

Bright-faced Youth—I don't know. He may and he may not. If you want to see him on important business you may find him at the office of Robinson, Cox & Co., 31 Wall street.

Here was a trail, at least, and we at once started up Broad street in search of the ex-President of Erie. Under ordinary circumstances a walk from 30 Broad street to 31 Wall is an exercise to be accomplished in three minutes at the most; but in the present condition of affairs in the street the distance was made in not less than ten minutes. Our journey was obstructed by raging bulls and wild bears. But we reached 31 Wall street, and entered the up-stairs banking house of Robinson, Cox & Co.

As we crossed the threshold we discovered that we had got our man into a corner. A gentlemanly attaché of the office approached us, and inquired our business. We replied:

“I have called to see Mr. Drew.”

Gentlemanly Attaché—What do you desire, sir, to see him for? Please state.

Reporter—Please say to Mr. Drew that a reporter desires to talk with him in regard to the—

Gentlemanly Attaché—Oh, yes; I see. I suppose you want to hear what he's got to say on the matter that seems to have upset everybody?

Reporter—Well, yes; something like that.

Gentlemanly Attaché—I'll speak to Mr. Drew about it.

The gentlemanly attaché, true to his word, rushed behind the railing which separated Mr. Drew from the outside world, and although Mr. Drew was busily, and doubtless confidentially, engaged in conversation with a number of gentlemen who had a *bully* look, immediately placed his lips to the left ear of the ex-President of Erie, and buzzed him for a minute or two. While the buzzing was going on Mr. Drew looked up furtively, and gazed at our reporter in a sort of quizzical way which was delightful to behold. The gentlemanly attaché, after the buzzing, returned to us and said:

"Mr. Drew is very busy just now, but he says he'll be happy to see you at any time when he isn't engaged, and talk to you about the matter. I think if you'll come around after bank hours you can see him."

There was something in the manner of the gentlemanly attaché and in his words that made our reporter suspicious. The language seemed to indicate a disposition on the part of Mr. Drew to avoid an interview. But we took the language for what it meant according to its mere verbal significance, and made up our mind to wait until after bank hours, and then to seek an interview with the distinguished ex-President of Erie.

We stationed ourself on the great capstone of the steps outside, and waited until twenty minutes past three. We looked up and down Wall street, and studied the faces of the bulls and bears as they passed

by. It was a study as deep with interest as the study of men's faces and deportment in a lunatic asylum. We were about to grow sentimental over the picture when, all of a sudden, the door of Robinson, Cox & Co.'s office opened, and out came Daniel Drew, accompanied by a bull or a bear. After a few minute's conversation the bull or the bear' left, and we approached Mr. Drew.

Daniel Drew is an old man—a very old man. He is past the age of three score and ten, and he is worth his millions. As we saw him yesterday, he was dressed in a full suit of black, and gold spectacles. A large cane with a natural crook was firmly held in his right hand. Mr. Drew wears no whiskers, and his lip is not overburdened by a moustache. His face is fresh, and although age has pounded his back down into a stoop, Daniel Drew in his movements appears to retain much of the springiness and vigor of middle age. His eyes are blue and bright, and they are readers that are constantly engaged in purusing every object that comes within the scope of their vision.

As we approached Mr. Drew he took us by the hand, and said that although he was glad to see a reporter, he would like to know what was wanted of him. The conversation that ensued we give in full. It was as follows:

Mr. Drew—Well, I don't exactly know what you wan't me to tell you, but I s'pose you want to know somethin' 'bout this ter'ble gold excitement. Hay?

Reporter—Yes, sir.

Mr. Drew—Well, you see, I was out West when

this thing come on, and I come back to see exactly how matters stood, and I tell you I found things wuss 'ere than ever afore, and that's sayin' a good deal.

Reporter—You came back, you say, as soon as you heard of the excitement?

Mr. Drew—Come back? Of course I come back, fur I wanted to see that things wuz kept straight as fur as I wuz consarned. Why, sir, I've been down here now a-goin' on thirty year, and I never see sich a time afore.

Reporter—You mean to say it beats anything you have before seen?

Mr. Drew—It beats anything I ever see afore in all my born days, and I hope I'll never look on it agin. Why, jest think of it! You don't know what this thing has brought about. It's brought lots of poor fellers to ruin. It's killed their credit; and when a feller's credit's dead, he might's well be dead himself, so fur as bizness down here is of any account.

Reporter—Who do you think is at the bottom of the matter?

Mr. Drew—Oh, well, now, I don't want to hurt any one's feelin's. I guess I know who the fellers be that are at the bottom of it, but that don't make no difference. The thing's been done, and somebody's done it. That's all.

Reporter—It is said that Mr. Fisk started the excitement. Do you believe that he is chargeable with the matter?

Mr. Drew—Now, I don't want to say hard things of any man. I b'lieve that people 'll be brought to their

reckoning for all the wickedness they commit. They've acted very foolish—very foolish; and I hope they've learned a lesson that they won't forget very soon.

Reporter—It is rumored that James Fisk, Jr., has made nine million dollars by the operation. Do you think that is so?

Mr. Drew—Well, I don't want to say hard things agin any man, as I've already told you. Somebody of course, has made a big fortin. As for Jim Fisk, he's a good feller, and so is Jay Gould, and so is them other fellers that belong to their crowd. Jim Fisk has wuss folks in this world than him, I can tell you, and I ain't agoin' to say anything agin Jim anyhow.

Reporter—Well, somebody is to blame in the matter. Don't you think so?

Mr. Drew—Of course I do. I know it.

Reporter—How about Lockwood & Co.?

Mr. Drew—Why, their failure is a ter'ble c'lamity. They're the most respect'ble house down here. They wuz always good to the poor, and they had a hand in helpin' many a man on to fortin'.

Reporter—There is no doubt of Lockwood & Co.'s failure, is there?

Mr. Drew—From what I hear, and from what I know, I have no doubt of it; and the wust of it is that in swampin' themselves they have swamped a hull lot of houses with 'em. There's a lot of five thousand dollar, ten thousand dollar, twenty thousand dollar, and fifty thousand dollar fellers who've lost their all. It's awful to think of.

Reporter—Do you think the crisis is over?

Mr. Drew—Yes, I think that the wust is past. Stocks have been first-rate to-day. They've gone up on an average of ten per cent. all 'round, and that's a good indication that the crisis has been reached and got over. There is a good many slaughtered, but I reckon there's enough livin' ones left to straighten things out. 'Tenny-rate I hope so.

Reporter—Do you think Secretary Boutwell could have settled the matter on Saturday, if he had felt disposed to do so?

Mr. Drew—Now, that's all fuss. Secretary Boutwell's got nothin' to do with it—no mor'n you have. Ain't it ridiculous to mix him up with it? One of the papers, I b'lieve it's printed on the corner of Ann street and Broadway, has done its best to hold Mr. Boutwell responsible for it, but that's ridiculous. He ain't responsible at all, in no sense of the word.

Reporter—Do you feel disposed to inform me in regard to who are the parties that ought to be held responsible?

Mr. Drew—No, I don't think I ought to give you my views difinitely on that subjick. I've told you all I can and that must suffice. There'll be a day of reckonin' boime-by, and then you'll larn all.

The ex-President then retired into the inner office of Robinson, Cox & Co., and we left the place a wiser reporter than we were before we held our financial chit-chat with the great Methodist prince of Broad street.

The reporter called on President Grant's brother-in-law, Abel R. Corbin, Esq., at his brown stone palace,

thirty-seven West Twenty-seventh street, with a view to ascertain whether or not the Wall street reports concerning his acting as a middleman between the Administration and the gold and stock cliques was true.

Mr. Corbin greeted the reporter, after his formal stately salutation, with the remark: "I did not know I had an enemy in the world who could do me such injustice as does that false report in this morning's *Herald*."

Reporter—There are several assertions regarding your complicity in the panic current in Wall street, additional to those published in the blanket sheet, and which you may be able to dispel by answering a very few questions.

Mr. Corbin—I will, of course, answer all your questions with pleasure. I am a Democrat man now, and always have been. I studied law, and afterwards became a newspaper man in St. Louis. I have resided here seven years, and am what you may call a foggy of the old school, and do not, and have not in any manner mixed up in political affairs. Mr. Boutwell, who is a good, honest, earnest man, is said to be on what you people call the "bear" side of Wall street, and then the cry is raised that I am with the "bulls."

Reporter—From what cause are these reports made, do you suppose?

Mr. Corbin—I could not say; I never was in the Gold Room in my life. I never bought or sold any of this fancy stock, as it is termed. I never owned

a dollar of Erie or other railway stock. Never bought or sold gold, or ordered it done for me, except when the coupons of my government bonds became due from time to time. My bank account has been kept with one bank for thirty odd years, and I never owned any stock in that or any other bank. My interests consists wholly in government bonds and city lots. I have a number of lots in New Jersey. All my real estate is under the eaves of this city, and I know nothing of any other financial operations. I am a devoted Methodist, as, no doubt, you are aware, live quietly, and save enough out of my reasonable income to purchase a lot in Jersey now and then.

Reporter—It is currently reported, and I think really finds credulous believers, that James Fisk, Jr., has been frequently seen to come here within the last few days. His coach, it is said, has stood in front of your house for hours both by day and night. Further, it is said that he has connected himself with the administration through you, and had government semi-official authorization for the move he has led for running gold to high rates.

Mr. Corbin—Mr. Fisk may have been to my house twice since I lived here, but not since this panic began. The last time he was here, was last summer, when he called at my door to ascertain from me when my brother-in-law would pass through here on his way to the watering places. He wanted Mr. Grant and family to go on his boat. I do not associate with such men as Fisk. He is a fast man of the

city, while I am a staid, careful Methodist. I have nothing to do with any such men as this Fisk.

Reporter—It may be that some other relation of General Grant has been aiding the gold gamblers.

Mr. Corbin—There is no other relative of General Grant in New York, and the report is wholly false. Mr. Grant's brother is in Chicago, a merchant there, and none of the President's relatives, except my wife his sister, and myself, have been here during the last ten days. Mr. Grant would not hold an interview with any such man as Fisk, Jr. None of our relatives have been used by the stock and gold gamblers, nor has any one of them been benefitted by the operations. Neither has this Fisk, Jr., communicated with me, now or ever, and no other person has communicated with me, either verbally or by writing, respecting stock or gold operations.

Mr. Corbin's statement was given clearly and with marked earnestness. He represents the Henry Clay or Kentucky school of old gentlemen. His home is elegantly furnished. His house is one of the finest brown stone structures in the country.

One leading banker, a very portly individual, who deals in "governments," was the centre of a wealthy group which was engaged in discussing the ruin which the Prince of Erie had caused to a number of brokers. The banker, in the course of his remarks, saw Senator Wilson, who recognized him, and who at once joined his audience.

"This is a good chance, Mr. Hyser," said a by-

stander, "for you to speak to the Senator about the panic."

"I will," said the gentleman who was called Mr. Hyser. And he forthwith commenced addressing Senator Wilson. He said:

"The government ought to do something to settle this matter. I think the sales of gold have rather encouraged it."

Senator Wilson remarked that there was no occasion for it.

Mr. Hyser—The thing will have to be stopped. I know one man who would not stand it.

A bystander—John Morrissey. He made Fisk give him up the money he lost.

"How?"

Mr. Hyser—He went to his office yesterday, but was refused admission by a young man at the door. But he said "I must go in," and he rushed up stairs and saw Fisk. He then demanded the amount he had lost, eighty-three thousand dollars; and after a pause Morrissey said to Fisk, "If you don't pay me that money now, I'll leave a mark on you for the remainder of your life." The money was paid, sir. I tell you also that the brokers of the street are going to protect themselves.

Senator Wilson made no comments on the matter, and the group soon after dispersed.

James Fisk, Jr., was in his castle. At eight o'clock a reporter jumped from an Eighth avenue car, at the corner of Twenty-third street. Facing the glaring calcium light which spread a misty glow up the street,



TAURUS MAXIMUS.

he passed the Twenty-third street entrance to the theatre, and drew up in front of doors resembling the massive gates of a feudal castle. He tapped on the door with his cane. A rattling of locks followed, and the door opened. A deputy sheriff held a lantern to his face, and examined him closely. The reporter showed him his card.

"All right," said he. Then calling to a gentleman at the head of the wide brass-patched stairs, he said:

"Bob, this is all right. Show him up to Jim."

Up the stairs we went, three steps at a jump. A vista of desks, with shades of flowered glass, and a panorama of soft downy carpets, massive black-walnut doors, gorgeously frescoed ceilings, and splendid chandeliers was passed, and we found ourselves in Jay Gould's private room. He was alone. His black eyes snapped in the gaslight as he took us by the hand and told us to be seated.

"I know what you want," said he, smiling, patting his little hand with a paper-cutter; "I regret very much this depression in financial circles, but I predicted it long ago. I never wanted gold above one hundred and forty-five, but it's necessary that it should always be up to that in the fall of the year, when we are exporting so much grain, where we have a long line of railroads and high-priced labor. Last season, when the Secretary threw gold upon the market, reducing the price, large orders for the shipment of grain were countermanded because, owing to the low price of gold, they could not compete with the Black Sea and Mediterranean shippers. I was no way instru-

mental in producing this panic. I was selling gold at one hundred and forty-five while Speyers was buying at one hundred and sixty."

At this point in the conversation James Fisk, Jr., came in. He had just returned from his afternoon drive. He whipped off his coat, rolled up his sleeves, and prepared for work. His diamond sparkled in the gaslight, and his hair was combed in exquisite style. He shook hands with us, sat down on an easy chair, and slapped the knee of the reporter.

"Well, how are you?" he said, "I haven't seen you since the Friday scrimmage."

Reporter—You're alive yet, ain't you?

Fisk, Jr.—Well, I should think so.

Reporter—They are saying very complimentary and kind things about you on the street.

Fisk, Jr.—Yes, I suppose they are. Of course they'd be easy on me if they had me in a tight place, you know. I'm beginning to think now that people don't understand me. I thought they did. A fellow can't have a little innocent fun without everybody raising a halloo, and going wild. Because I tell a crazy man to buy at sixty, he goes off and finds a thousand a deuced sight more crazy than he is, and everybody gets sick. They all went to make a big reach and fell under the tub, poor Speyers with them. It's a lamentable affair, but like an emetic, it'll do them good. A fellow must have his little fun, you know. It's so strange that people who ought to know better will say so many unkind things of me.

Reporter—But, Mr. Fisk, how about Speyers' story?

Fisk, Jr.—You see, I was in Belden's office, up stairs. Speyers came in, and Belden told him that any order I would give him was for him (Belden.) I told Speyers I was buying at sixty, and why didn't he get out and buy. With that Speyers left. Where I supposed he wouldn't get a hundred thousand, he took in thirty million.

Reporter—But he says he has written orders from you.

Fisk, Jr.—He hasn't any written order from me. I never made him any written order. It's the old story of the biter bit. It's only dog eat dog.

Reporter—But Livermore & Co. say they have written orders from you.

Fisk, Jr.—That's not so. Nobody has got any written orders from me that I haven't met. Here Mr. Fisk laughed immoderately, and said, "Well, I guess it's about time for supper."

Reporter—How much did you—

Fisk, Jr.—How these fellows do squeal when they get sick. If they had me in a tight place they wouldn't give it to me; oh, no, I guess not.

Reporter—But, Mr. Fisk—

Fisk, Jr.—Oh! you're like little Oliver; you're always asking for more. It's no use of talking. If men will play with the cat they'll get scratched. Notwithstanding all their abuse I'll still eat and drink, and grow fat.

Here Mr. Fisk laughed again, and turned off to some writing. As the reporter was leaving both Fisk and Gould walked up to the telegraph box and looked

at the snaky slip, saying: "Well, things have an upward tendency, and things look bright."

Mr. Fisk talked like a race-horse, and showed no signs of nervousness.

A reporter met a prominent broker on Wall street, who took the following view of things :

"Now," said he, "Smith, Gould, Martin & Co., Heath & Co., Jim Fisk, Ed. Willard, Johnny Gillespy, Ed. Chapin, George Bend, and Charley Osborn, are all in one pot. The head devils are Jim Fisk, Smith, Gould, and Heath, Belden having gone abroad for his health, with Heaven knows how many millions. Now, you see, they undertook to corner gold, and by doing so make the great American public, bears included, pay any price they chose to ask for the precious metal. Accordingly they employed about seventy or eighty brokers, bought up all they could from time to time during the past few months, and beginning to feel, last Thursday week, pretty jubilant over things, they having frightened the shorts, had a meeting that same night. They concluded that they held all the gold, and now was their time to force the price up, go in and win, and take all the greenbacks from the bears, Germans included. Accordingly, you see, on Friday morning, they sent in their brokers to buy all the gold offered. What little there was soon raised the price up to fifty. Of course, Fisk & Co. knew that these wretched scrubs were selling what they didn't own, and that they would have to get it from the clique at any price the clique might choose. Under the many bids for gold by these maniacs, the price ran up to one hundred and

fifty-five, and as suddenly to one hundred and sixty. Many parties, meanwhile, made private settlements to *the* clique in hard earned currency at one hundred and fifty. All at once a bombshell was thrown into the camp. It was asserted that the Treasury was going to sell gold, and simultaneously one of the clique who became scared gave orders to a multitude of brokers to sell millions at the best price. Jimmy Fisk and Gould were in Heath's office. Knowing nothing of this unloading, they were giving orders to buy gold in millions at one hundred and sixty. The price of gold then fell to one hundred and thirty-five. Heath and Fisk's brokers were then frantically bidding one hundred and sixty. As soon as they knew for sure that one of their king pins was trying to save himself, and had gone back on them, they kept their broker bidding for gold at one hundred and sixty like a crazy man, until even the boys sold him millions in fun, and started to get an injunction closing the Gold Room, so that they could close it at one hundred and sixty bid, and thereby make the shorts cover at that price. They couldn't find a judge, you see, so they came back, got all the greenbacks together, and went up town, Heath shutting up shop, with a Sheriff's court outside; Smith, Gould & Martin ditto, with three bull terriers from "Big Six's crowd."

Reporter—Why did they close up?

"Why, you see, one of 'em had gone with all he could carry, and these fellers had such a heavy load to put away that they didn't want anybody to get on their tracks."

Reporter—How did they make their money on the operation?

“Why, you see, they had this gold loaned out to everybody on the street. As the price advanced, they made them put up more currency to meet the advance, When it got to one hundred and fifty-five and one hundred and sixty, they called all the money in, shut up shop, left their high-priced buying brokers to go to perdition, and then sloped with the money, don’t you see?”

Reporter (with a long breath)—Yes. Where is it now?

“In pickle, travelling around from place to place in company with special deputies, Jim Fisk included, so as to keep out of the way of attachments and honest creditors.”

Reporter—Do you think they will go on?

“Well, you see, they got stuck with a little gold on hand, and if they can get the few fools left in Wall street—the most of ’em are cleaned out—to pay for this gold at high prices through their brokers, and keep on repudiating the poor devils that bought the gold for them at high prices, then they may go on.”

Reporter—I don’t understand you.

“Why, you see, if they can get the high prices at which they sold their gold, and repudiate the gold which they bought at high prices through their brokers, they will be all hunky—don’t you see?”

Reporter—Well, how is all this thing going to end?

“Wait long enough, and you’ll see.”

CHAPTER XIX.

A TROUBLESOME BROTHER-IN-LAW.

THE alliance of Mr. Abel R. Corbin with the gold manipulators gave him a marked pre-eminence in the controversies that ensued on the collapse of the bubble, by reason of his intimate relations with President Grant, whose sister he had married.

The political opponents of the President and the disappointed wire-pullers joined together and made common cause in attacking the President through his brother-in-law, and seeking to implicate the Chief Magistrate of the nation in the machinations of the Gold Ring. It was alleged that Corbin had succeeded in inveigling the President and members of his family into speculations in gold; that he had obtained confidential information from the President respecting the future financial policy of the Administration, and that he had communicated this intelligence to the leading "bull" operators, and assured them that gold must inevitably rise to a high figure, and that the President would abstain from any effort to prevent that result.

The conduct of Corbin was characterized by such apparent duplicity as to arouse the suspicions of the public, and convey the impression that he had actually abused the confidence reposed in him by the President, and used his supposed influence with the executive to inflate the price of gold and fill his own coffers.

In oral conversation, which was afterwards published in the newspapers, Corbin denied all intimacy between himself and James Fisk, Jr., who had engineered the gold combination, and asserted that Mr. Fisk had only called twice at his house, and on totally different business. He characterized Fisk as a "fast man," with whom a staid Methodist like himself could not associate, and averred that neither Fisk nor any other person had communicated with him, either verbally or by writing, respecting stock or gold operations. Yet in the face of these positive assertions, this conscientious Methodist writes to Mr. Fisk repudiating all belittling or derogatory expressions which he was reported to have applied to Fisk. The apparent treachery and tergiversations of Corbin naturally excited the ire of Fisk, who promptly resented the assault made upon him and controverted Corbin's statements in a communication which he addressed to a New York journal, and which is here appended:

"ERIE RAILWAY CO., COMPTROLLER'S OFFICE,
NEW YORK, *October 4, 1869.*

"DEAR SIR: There seems to be no longer any doubt that Mr. A. R. Corbin, brother-in-law of President Grant, has stated that he did not associate with such men as myself, and that I had not been to his house since last summer; that he had never communicated with me respecting gold operations; and that Mr. Grant would not hold an interview with any such a man as myself.

"These statements make it necessary for me to

state that Mr. Corbin has constantly associated with me ; that I have been in his house repeatedly since last summer ; that I visited him *on the very afternoon* of the day on which he made these statements ; and that he spent more than an hour with me in the Erie Railway office on the afternoon of Saturday, September 25th, the day after the gold panic. It is further proper for me to say that Mr. Corbin has been a party in interest with us, and others whose names it is not now necessary to mention, in the recent gold speculation, and that he has constantly communicated with me respecting this gold speculation.

In fact, *Mr. Corbin was in this speculation long before I was.* It had been organized and carried on by him and other gentleman for some weeks before I knew of its existence. He is entitled to almost the entire credit of originating the grand scheme for advancing the price of gold ; and I willingly disclaim in his favor the honor—so kindly imputed to me by the press in general—of having devised this bold and brilliant operation. It was the fruit of Mr. Corbin's own suggestive mind, and long before I knew anything of it Mr. Corbin's representations concerning the powerful influence which he could bring to bear in favor of the speculation had enlisted in his support other gentlemen of means and capacity ; and it is only just to say that Mr. Corbin's assurances on this point *were fully carried out up to the 23d of September.*

As to the remaining point of Mr. Corbin's statements, it is sufficient to refer to the Associated Press despatch from Washington this morning, by which it

will be seen that General Grant speaks freely of an interview which he had with me on my boat last summer, *and which was exceedingly pleasant on both sides.*

I enclose you a few affidavits which will give you further information concerning this matter.

I remain your obedient servant,

JAMES FISK, JR.

City and County of New York, ss.—Charles McIntosh being duly sworn, says: I do hereby certify that I met Mr. Abel R. Corbin, brother-in-law of President Grant, at the Erie Railway offices in the Grand Opera House on Friday, September 24th, 1869, the same day on which occurred the gold panic in Wall street, this city, and that said A. R. Corbin displayed the most intense excitement and anxiety over the state of the gold market and the operations of Mr. James Fisk, Jr., and Mr. Jay Gould; and he said to me he hoped they would come out all right, as he (Mr. Corbin) *was deeply interested*; also that he immediately afterward held an interview with Mr. C. W. Pollard, Messrs. Fisk and Gould's agent.

CHARLES MCINTOSH.

Sworn to, the 4th day of October, 1869, before me,
MORTIMER SMITH,

Notary Public.

State of New York, City and County of New York, ss.—C. W. Pollard, being duly sworn, says: I have frequently been the bearer of messages between Mr. James Fisk, Jr., and Mr. Abel R. Corbin, brother-in-

law of President Grant, at the residence of the latter, 37 West Twenty-seventh street, in this city.

Mr. Corbin called on me at the Erie Building, corner of Twenty-third street and Eighth avenue, on Thursday, the 23d day of September, 1869, telling me that he came to see how Messrs. Fisk and Gould were getting along. He then asked me to give his regards to both Mr. Fisk and Mr. Gould. He called again on Friday, the following day, at about noon; appeared to be greatly excited, and said he feared *we* should lose a great deal of money. The following morning, Saturday, September 25th, Mr. Fisk told me to take his carriage and call upon Mr. Corbin, and say to him that he and Mr. Gould would like to see him (Corbin) at their (Fisk and Gould's) office. I called and saw Mr. Corbin. He remarked, upon greeting me, "How does Mr. Fisk bear his losses?" and added, "*It is terrible for us.*" He then asked me to bring Mr. Fisk up to his house immediately, as he was indisposed, and did not feel able to go down to his (Fisk's) office. I went after Mr. Fisk, who returned immediately with me to Mr. Corbin's residence, but shortly after came out with Mr. Corbin, who accompanied him to Mr. Fisk's office, where he was closeted with him and Mr. Gould for about two hours. On Monday following, Mr. Fisk sent me again to Mr. Corbin's house. Mr. Corbin told me *that he and his wife had just returned from Washington*, travelling two nights, and that immediately on his return he had sent a message to Mr. Gould at his residence. He was too

ill, he said, to go down to the office, and urged me to go and bring Mr. Gould or Mr. Fisk to his house. On the next day, Tuesday, September 28th, I went again to see Mr. Corbin for Messrs. Fisk and Gould. He (Mr. Corbin) said his wife was very ill, and requested me to make an appointment for Mr. Fisk. The latter was so much engaged that he could not go until Thursday, September 30th.

C. W. POLLARD.

Sworn to, the 4th day of October, 1869, before me,

MORTIMER SMITH,

Notary Public, New York.

State of New York, City and County of New York,
ss.—On Thursday, September 16th, 1869, I met Mr. Gould and Mr. Fisk at their office, corner of Twenty-third street and Eighth avenue, New York city, and was instructed by them to call on Mr. Abel R. Corbin, brother-in-law of the President of the United States, at 7 A. M. of the following morning, at his residence, 37 West Twenty-seventh street, where I should obtain letters from said Corbin to President Grant, at Washington, Pa., and take such letters and proceed by first train to said Washington. If the President was not there upon my arrival, to travel until I overtook him, and deliver to him said letters in my possession, received from Mr. Corbin.

On Friday morning, September 17th, I called at Mr. A. R. Corbin's house, at 6.45 A. M. His servant appeared and brought two letters from Mr. Corbin, which he

handed me, and while I was conversing with the servant, Mr. Corbin appeared at the head of the stairs, and I told him (Corbin) I had seen by the morning papers that the President was in Pittsburg, Pennsylvania, the day before, and if he thought I should find him at Washington. He replied, "You will find him in Washington." I told him I supposed I had better deliver the letters to the President in person. He said he wished me to do so. I asked him whether, if the President should be engaged, I should send a card to him, telling him I was a special messenger from Mr. Corbin, his brother-in-law. He approved of my suggestion, and told me to do so. I then took the 8.40 train via Pennsylvania Central Railroad for Pittsburg, Pennsylvania, arriving at about 1.30 A. M. Saturday. I took carriage for Washington, Pennsylvania, arriving between nine and ten o'clock. I found the President stopping at the house of Mr. Smith, about half a mile out of town. I first inquired for General Porter, to whom I also had a letter from Mr. Abel R. Corbin. General Porter shortly afterward appeared, and I presented him his letter, and told him I had one for President Grant, which I wished to deliver to him in person. The President soon came up, and I handed him his letter, telling him I had been requested to do so in person. He took and opened it in my presence, read it, returned into the house, and soon afterward appeared again with a letter in his hand. I shortly afterward drove back into the village of Washington, from whence I telegraphed Mr. Jay Gould, President

Erie Railway Company: "Letter delivered all right."
I then returned to New York.

WM. O. CHAPIN.

Sworn to, on the 5th day of October, 1869, before
me,

MORTIMER SMITH,

Notary Public, New York.

State of New York, City and County of New York,
ss.—David Goodell, of Brattleboro, Vermont, being
duly sworn, says that during the month of August
last, he went to the house of Abel R. Corbin, on
Twenty-seventh street, to arrange some business affairs
between Mr. Jay Gould and Corbin; that during his
interview with Mr. Corbin, among other subjects
brought up, Mr. Corbin said that he was not doing
any business, but that he was interested with Mr.
Jay Gould in some operations in Wall street; that
this information was entirely voluntary on the part of
Mr. Corbin, as deponent had no previous acquaintance
with said Corbin. Deponent also called upon Mr.
Corbin about the 10th of September, but as Mr. Jay
Gould was engaged with him at the time, deponent
had no particular conversation with said Corbin.

D. GOODELL.

Sworn to, the 7th day of October, 1869, before me.

MORTIMER SMITH,

Notary Public, New York.

In an interview with a reporter, Jay Gould as-
serted that a prominent official, General Butterfield, was

an active participant in the gold pool, which assertion was corroborated by James Fisk, Jr., who remarked:

"What Mr. Gould says is true. He (the Government official) got his place through Mr. Corbin's influence, after another man's commission was made out. He and Mr. Corbin went snacks in the pool. He, like Mr. Corbin, does not pay his share of the losses; but he promised on the morning of Saturday following the panic that he would pay ten thousand dollars toward his share of the losses that afternoon at two o'clock, twenty thousand dollars Monday following, and mortgage his real estate for funds to settle the balance; and when asked directly by the distinguished attorney sent to collect his share of the losses sustained by the gold pool, why he *weakened at the critical moment*, what did he mean by saying, 'Because I could not steal?'"

Mr. Fisk was then directly asked what this official share of losses was, and replied about one hundred and fifty thousand dollars.

Q. Have you the documents to sustain your charges against this official, should the case come before the Court?

Mr. Fisk—Yes, and enough to send him to State Prison.

Mr. Gould said that the tenor of his despatch to Secretary Boutwell on Wednesday, September 22d, had been falsified. He had never asked Secretary Boutwell or anybody else to loan him eight hundred thousand dollars. About September 1st Mr. Gould wrote to Mr. Boutwell, saying that if his policy was to sell gold this fall, the result would be

unfavorable to railroad interests, as they could not move grain in competition with the Black Sea ports, and if his policy was to hold gold, as McCulloch did, the railroads would do a big transportation business. To this letter Mr. Boutwell replied as follows:

GROTON, MASS., *September 9, 1869.*

MY DEAR SIR:—Your kind letter of the 30th ult. was forwarded from Washington to this place, but my absence prevented an earlier reply.

I am very glad to receive your suggestions, and I hope to hear from you often, but there is but little that I can say in reply. My aim is to improve the credit of the country, collect the revenues, place the loan at a lower rate of interest, and all without impeding the prosperity of the country.

Very truly, GEO. S. BOUTWELL.

“You see,” said Mr. Gould, “when gold is at one thirty, the grain freightage of the American railroads is dead. We cannot compete with the freights from the Black Sea and Mediterranean ports. When gold is one forty-five, then there is a great exportation of grain from America, and the railroads are overrun with freights. At present there is but little grain being moved from the West, while from Europe we learn that over three hundred cargoes of corn are now on the way to England from the Greek ports.

Q. Had Secretary Boutwell anything to do with the gold pool?

Mr. Gould—Mr. Boutwell was not in the ring. Cor-

bin hated him, and was doing everything in his power to get him out of the way. He continually endeavored to get up a quarrel between Grant and Boutwell on Boutwell's policy of selling gold. He even went so far as to draw up a set of resolutions bitterly condemning Boutwell's policy of selling gold. These resolutions he presented to Peter B. Sweeney, and urged him to put them through the Democratic State Convention. Then he could show Grant that the Democracy was going to gain on Boutwell's policy of selling gold, injuring the farmers and mechanics, and thus either force Boutwell out or make him stop selling gold."

The despatch referred to as having been sent by Mr. Gould to the Secretary of Treasury, reads as follows :

NEW YORK, *September 22*, 1869.

*The Hon. George S. Boutwell, Secretary of the Treasury,
Washington, D. C.*

There is a panic in Wall street, engineered by a bear combination. They have withdrawn currency to such an extent that it is impossible to do business. The Erie Company requires eight hundred thousand dollars in currency to disburse to the employés between New York and Cincinnati each month, much of it in Ohio, where an exciting political contest is going on, and where we have about ten thousand employés, and the trouble is charged to the Administration. Unless some instant relief can be furnished by the Government, trade and business will be at a dead-lock. Representing as I do

a corporation of this magnitude, and of the disbursements required until the heavy crops are moved, cannot you consistently increase your line of currency by giving the banks some of the reserves which you have on hand? You will consider the exigencies of my corporation my excuse for troubling you with this despatch.

JAY GOULD, *President.*

Subsequently, on the 19th October, Jay Gould and James Fisk, Jr., were again "interviewed," and the conference is thus reported:

Q. Who do you think wrote the article in the *Times* of this morning?

Mr. Gould—We hear that a young man employed as clerk in an office down town wrote the article. He went to Washington about two weeks ago with a relative of Mr. Corbin, and has but lately returned.

Q. Do you regard the article as a defence of General Butterfield?

Mr. Gould—The article was undoubtedly written under the eye of General Butterfield. It would not surprise us to hear that he had paid for it.

Q. Is the article a true one?

Mr. Gould—It is a mass of misstatements from beginning to end.

Q. The *Times*, or, if you prefer it, General Butterfield asserts that:

"The direct effort to obtain Treasury secrets and profit by them was made by the President of the Erie Railway in person. That was all legitimate enough in stock brokers' parlance, provided he did not secure

such information, and had no hold upon the Treasurer by which he could turn knowledge thus obtained to the benefit of himself and clique. That he obtained no such information is sufficiently proven by the superlative failure of all the cherished plans of the shrewd conspirators."

Did you ask Mr. Butterfield to sell you the Treasury secrets, and did he refuse?

Mr. Gould—My answer to that is this check, handing the reporter a check, of which the following is a copy:

SMITH, GOULD, MARTIN & Co., 11 Broad street.	No. 22,634.	NEW YORK, July 3, 1869.
		Continental National Bank,
	Pay to the order of Jay Gould	
		Ten thousand dollars.
	\$10,000.	SMITH, GOULD, MARTIN & Co.

The following was the endorsement on the back of the check:

Pay Danl. Butterfield or order.
JAY GOULD.
DANL. BUTTERFIELD.

Q. Is that Daniel Butterfield's endorsement?
Mr. Gould—It is.

The writing was of the skeleton pickety order, and looked like a brush fence. The reporter recognized it as General Butterfield's signature.

Question to Mr. Fisk—I read in the *Times* as follows :

“Messrs. Gould, Fisk & Co. held consultation with very many Wall street speculators with a view to ascertain if they could induce a sufficient number of them to join them in purchasing all the gold in the country out of the vaults of the Treasury, all the paper representing gold on presentation, and enough on margins to hold the market entirely and supremely, and thereby raise specie to any price desired. They talked of two hundred, and when the mark was reached to sell all they could carry to that point.”

Is this so ?

Mr. Fisk—I have already stated that Mr. Corbin was in the gold pool before I was. He was a prime mover in the scheme—one of the biggest toads in the puddle, and of his own accord offered his influence with his brother-in-law for sale.

Q. Was Mr. Corbin paid any money by you or Mr. Gould ?

Mr. Fisk—He has received, to my knowledge two checks—one of twenty five thousand dollars and one of one hundred thousand dollars. The one hundred thousand dollars was afterward returned.

Q. (to Mr. Gould)—Did you hand Mr. Corbin personally a check for that amount ?

Mr. Gould—I did, and now have the check in my possession.

Here the reporter asked to see the check. It was shown him. The following is an exact copy:

SMITH, GOULD, MARTIN & Co., 11 Broad street.	No. 5,148.	NEW YORK, Sept. 6, 1869.
	National Bank of the Commonwealth,	
	Pay to the order of Jay Gould	
	Twenty-five thousand dollars.	
	\$25,000.	SMITH, GOULD, MARTIN & Co.

The endorsement on this check was as follows:

JAY GOULD.

Q. Why did not Mr. Corbin endorse this check the same as Mr. Butterfield?

Mr. Fisk—Because he was too old a fox.

Q. How, then, did he get the money?

Mr. Fisk—Very easily. Mr. Gould handed him the check, with the endorsement as you see. All Corbin had to do was to take the check to the Bank of America, where he keeps his bank account, and tell them to draw the money from the Bank of the Commonwealth, and deposit it to his credit.

Q. The article in the *Times* intimates that this twenty-five thousand dollars was Mr. Corbin's retention fee for forwarding certain railroad schemes?

Mr. Gould—Mr. Corbin does not say so. The *Times'* statement is false.

Q. The *Times* insinuates that the resolutions on the financial policy of the government, which were not presented to the Democratic State Convention, were not written by Mr. Corbin?

Mr. Fisk—The resolutions were handed to Mr Sweeney in Mr. Corbin's handwriting.

Q. Did you see them, and do you know Corbin's handwriting?

Mr. Fisk—I saw them, and know Corbin's handwriting. I delivered them to Mr. Sweeney myself.

Q. The *Times* prints the following (reading):

“The plot to involve General Grant in the proposed combination was thus far unsuccessful, except that a continuance of the policy of regular sales of gold and purchase of bonds was not interfered with. Jay Gould sent a communication to General Porter with the object of securing his influence by holding out glittering golden baubles. How far that was secured may be known by the following exchange of correspondence:

NEW YORK, *September* 16, 1869.

DEAR GENERAL:—We have purchased half a million gold on your account. * * * *

JAY GOULD.

And the answer:

WASHINGTON, PENN., *September* 19.

GENTLEMEN:—I have not authorized any purchase

of gold, and request that none be made on my account. I am unable to enter into any speculation whatever.

Yours, respectfully,

H. PORTER.

Mr. Gould—I never wrote anything of the kind to General Porter, and we have never received such a letter. You will observe that the letter is addressed to “Gentlemen,” and not to any particular person. Now, who are the gentlemen? General Porter’s half million was bought on the 14th and not on the 16th. I met General Porter on the evening of the 13th at Mr. Corbin’s. On the 14th he went to Pennsylvania.

Q. The *Times* says that the letter carried to General Grant by Mr. Chapin, and delivered to the President at Washington, Pennsylvania, on Saturday, September 18th, was in your handwriting?

Mr. Gould—The President does not say so. Mr. Chapin swears that the letter was given him by Mr. Corbin, together with another letter addressed to General Porter, which the *Times* says was written by Mr. Corbin. I did not write the letter delivered to the President by Mr. Chapin, though I knew its contents.

Q. The *Times* insinuates that the check paid to Mr. Butterfield was money borrowed and loaned in an open and fair way for private and real estate purposes. Is this so?

Mr. Gould—Mr. Butterfield never asked me to loan him any money for private or real estate purposes. I never saw Mr. Butterfield until he was introduced to me by Mr. Corbin.

Question to Mr. Fisk—General Butterfield declares that the gold pool tapped the telegraph wires, and in other ways surreptitiously obtained news of the Treasury Department during and before the gold panic. Is this true?

Mr. Fisk—It is not so. Mr. Corbin did not need to tap telegraph wires to obtain his information. It was only necessary to tap Butterfield to get all the extra information required.

This closed the conversation. The above report was read to Messrs. Gould and Fisk, and was by them declared to be correct.

Mr. James Fisk, Jr., sent the following letter to the editor of the *New York Times*:

SIR:—In an article in your paper published this morning, you refer to a letter to President Grant, written by Mr. Gould, and sent by my special messenger to Washington, Pennsylvania. Now I wish to ask you if there is any impropriety in my calling for the publication of that letter, and the reply which was written, as I understand, by Mrs. Grant to Mrs. A. R. Corbin, in which she says, "My husband wishes the speculation was over," and other words to that effect, which letter was sent under cover of an envelope, directed to Mrs. Corbin, in the President's own handwriting?

I would also ask for the publication of Mr. Corbin's letter subsequently, and which reached the President about the date of his return to Washington, D. C., from Washington, Pennsylvania, in which he states that he had closed his gold and bond speculations. I

also wish to ask whether the letter did not reach the President the day before the order to sell gold was given. As you claim to be so well informed on all other points, you can doubtless give this information also.

Yours, truly,

JAMES FISK, JR.

Erie Railway Office, October 18, 1869.

P. S.—The least said, the soonest mended. Put not your faith in princes.

We reproduce the editorial from the *New York Times*, which was referred to by Mr. Gould :

THE GOLD RING—STATEMENT OF GEN. DAN. BUTTERFIELD, AIDED BY A. R. CORBIN—EXCULPATION OF PRESIDENT GRANT, GEN. BUTTERFIELD, AND MR. CORBIN.

From the moment that Gen. Daniel Butterfield assumed the responsibilities of Assistant Treasurer of the United States, the wary and wily President of Erie was on the alert, endeavoring to concoct some scheme by which the casualties of old acquaintance and family association could be made profitable to money-grasping interests. In this effort to entangle the Assistant Treasurer both direct and indirect influences were brought to bear, and should it transpire before this affair is ended that friends of a quarter of a century promised this favor or that favor through themselves to a plotting party, it will be no more than we have suspicioned and that many others have surmised.

Not satisfied with sending a relative of the President to Newport to see him, on the morning of August 20th, Mr. Gould gave James Fisk, Jr., a letter of introduction to Gen. Grant, and in the same letter expatiated upon the injury to all railroad interests, in the country, and how every farmer and planter must necessarily suffer with the railroad interests unless gold was held from the market by the Government and the price of it advanced. That letter, which Mr. Fisk handed Gen. Grant on the Sound boat, informed the President that the Black Sea wheat-growing regions would be drawn upon by all Europe for supplies of grain this fall, unless gold rose to such a rate as to induce its shipment from European markets to this country in exchange; also, if gold was not withheld, all the farmers and laborers in the country could not dispose of their grain; also, that with the depression of gold, orders for five hundred car loads of grain already loaded between St. Louis and New York were countermanded by English houses. Not one word did Mr. Fisk pass with Gen. Grant on gold matters or finances connected with the railway interests of the country.

Tammany after a while came to the rescue of the Ring, but its efforts proved singularly abortive. A leading spirit of Tammany, being deeply interested in the Ring's profits and losses as well as Erie affairs in general, was consulted by Fisk, Gould & Co. They then had a *series* of resolutions drawn up for the Syracuse Convention, which were intended to touch the President to the quick, and create, if possible, a breach between himself and Secretary Boutwell.

These resolutions, they say, were drawn by Mr. Corbin, and taken to Syracuse by Peter B. Sweeny. It is also said that William M. Tweed prevented until now the hand that Tammany proposed to take in the gambler's deal. When the exposé became necessary, it was Tammany which selected the newspaper through which the world, and Republicans of Pennsylvania and Ohio especially, should be told that Grant and the Administration were plotting against the credit of the country; that they were in league with a gold clique of unprincipled conspirators; and it was Tammany that sent a million of these electioneering documents to the various Democratic Committees of Pennsylvania and Ohio. But a few days more will unravel the additional mysterious hand that Tammany held.

The plot to involve General Grant in the proposed combination was thus far unsuccessful, except that a continuance of the policy of regular sales of gold and purchase of bonds was not interfered with. Then Jay Gould sent a communication to General Porter with the object of securing his influence by holding out glittering golden baubles. How far that was secured may be known by the following exchange of correspondence:

NEW YORK, *September 16, 1869.*

DEAR GENERAL:—We have purchased half a million gold on your account. * * * JAY GOULD.

And the answer:

WASHINGTON, PA., *September 19.*

GENTLEMEN:—I have not authorized any purchase of gold, and request that none be made on my ac-

count. I am unable to enter into any speculation whatever.

Yours respectfully,

H. PORTER.

Determined if possible to effect their desire to obtain some kind of official promise, Mr. Gould, who had long before exhibited to Mr. Corbin the disastrous result a change would have in all railroad interests of the country, called on the President's brother-in-law and presented the situation in such a view as induced that old gentleman to commend a letter to President Grant written by Mr. Gould, and, that it might not fail in being delivered, gave Mr. Chapin, one of the Erie Railway employes, a note of introduction to General Porter, in which he says: "He (Chapin) carries a letter to the President (the contents of which are not known to me), which he wishes to deliver in person." All that Mr. Gould wrote in that letter Mr. Corbin did not know. It was left at his house by the Erie President. What representation of the railroad situation was made to Mr. Corbin the latter embodied in this note to General Grant, commending Mr. Gould's representation, and asking that it be duly and carefully considered.

The next point of interest is the telegram sent from Washington, Pa., after the delivery of the letter sent General Grant. In Mr. Chapin's affidavit he swears that the telegram read, "Letter delivered all right," meaning the letter was placed in General Grant's hands as he was instructed. The day following the date Mr.

Chapin made his affidavit, Mr. Gould gave a newspaper man the following alleged copy of the telegram :

WASHINGTON, PA., October 18.

Jay Gould, Erie Railroad Office, New York:

Delivered letter. All right.

W. O. CHAPIN.

In the above it will be seen that it is intended to convey the impression that the letter was delivered, its contents read, and that all was agreed upon by General Grant, as Mr. Jay Gould desired, inferring, in so many words, "General Grant is with us, go ahead." This meaning created the most pointed impression, corroborating the President's alleged conspiracy with the ring.

What was done by Speyers, Heath & Co. and Belden & Co. during the days 20th, 21st, 22d, 23d, 24th, and 25th of September, is too well known to be repeated now, as our object is to expose new points of the plot, and how each and all were frustrated. Nor do we wish to publish at present the names of those who composed the smaller fry of the Gold Pool, nor of those who were used by them to influence the Administration in a manner that their plans might not be frustrated. The courts will expose all that full soon enough. We have only to do with the leaders who have tried to implicate General Grant. *What we have to do is to clear each and every member of the Administration from either being implicated with Gould, Fisk, Jr., Belden, Heath & Co., and to show how the latter endeavored to create circumstantial evidence against the*

former, so that in case the operations of the ring became known the clique itself would not have to bear all the censure of the public. This plan was not a precaution in case of failure, but in case of the successful fruition of their plan to make twenty-five million dollars, and when the scheme of how it was done became known, to point to the President and others and say, "There lies the responsibility."

The plot of the conspirators, as far as purchasing gold on government plans not to interfere in Wall street was concerned, was made known to Secretary Boutwell during his visit to this city, at the time when it was alleged he dined with prominent editors. The dinner over which the Gold Ring combination was discussed was partaken of by Secretary Boutwell and General Butterfield only, and was spread at the St. Nicholas. General Butterfield laid his views of the combination before the Secretary, and the latter informed General Grant of the financial situation immediately on his return to the capital.

All the secrets of that eventful Friday may not now be safely disclosed, but one which has thus far remained a secret of the ring can be fully ventilated. At 11.30 A. M. gold was one hundred and sixty-two—its highest point. Between that time and the reception of the despatch by General Butterfield the Gold Ring unloaded sixty-eight million dollars gold at figures varying from one hundred and thirty-seven to one hundred and fifty-seven. On that amount were their great profits, or one-half the sum they calculated upon. On the remainder of their one hundred and ten million

dollars, what was not repudiated was compromised at one hundred and thirty-five, or remains in an unsettled state.

The question arises, why did the Gold Ring unload such a vast amount from the time it was at its highest point till the moment General Butterfield made the official announcement that government had ordered a sale of four million dollars on the following day? They must have had information of Secretary Boutwell's order previous to its reception at the Treasury building, for their design was to carry gold to two hundred by Saturday noon, and unload during that afternoon, and to close it at 3 P. M. of Friday at one hundred and seventy-five, or near that figure. As it was, they had full twenty-five minutes' margin to operate in to their advantage and profit from the time that *they* knew the order was made until the moment in which General Butterfield opened the Secretary's despatch in the northwest room of the Treasury.

In the same northwest room of the Treasury building, General Butterfield's office, were gathered a score or more of bankers and brokers, watching with vulture eyes every movement made in that room. It was an eventful hour. Capitalists dropped in one by one as gold touched one hundred and fifty, then one hundred and fifty-five, and sprung to one hundred and sixty. The Wall street fly-doors of the building swung back and forth with quick springs. Street operators and bankers' brokers came and went, getting a wink, "yes," or a nod, "no," from those who had clustered around the Assistant Treasurer's table. At his right shoulder,

standing full six feet in stockings, was a nobby *habitué* of the Grand Opera House. *His errand there, close by the Assistant Treasurer, was to read every letter, note, pen or pencil mark that came into General Butterfield's hands*, and in case any despatch to sell did come from Washington to hurry to Fisk, Jr., and to tell him its contents. He had orders to watch despatches, and right well he attended to his business. He did not care for the price of gold in Wall street, but wanted to know what General Butterfield had in that envelope which he paused a moment to open when the announcement was made that gold was one hundred and sixty-two. As soon as the despatch was opened he stretched his neck over the General's shoulder, saw the order to sell four million dollars gold, and then with a break like a racer he parted the crowd and out of the great building, across Wall street he rushed, halting only when he reached the place in Heath & Co.'s office where Fisk, Jr., was to have been—had been—but from whence he had fled.

Evidences corroborating the above have been placed in the proper hands. It shows how thoroughly all the plans of the Gold Ring were organized, and shows that there was no collusion with either Grant, Boutwell, or Butterfield; for, if General Butterfield had been in the ring, no such precaution as the one adopted would have been necessary. If General Grant had been in it no order would have been sent to sell gold, and in Secretary Boutwell the ring had no confidence.

Do the scandalous operators who forwarded sixty thousand dollars worth of genovans to Washington, and

had them all thrown from the White House at midnight, wish us to publish all of that scandalous proceeding in answer to allegations that money was sent there? Regarding those two checks there is no secret. A one hundred thousand dollar check was deposited in the Tenth National Bank in August, subject to Mr. Corbin's order on the 1st of January, 1870, provided that at that time certain railroad schemes were successfully put through, which he was to have managed for the Erie Railway Company. The Erie managers took the check up themselves on the 27th of September. Respecting the twenty-five thousand dollar check, let it be granted that it was drawn by Jay Gould, on the Bank of the Commonwealth, payable to his own order, and then endorsed by Jay Gould, and handed to Mr. Corbin as retention fees for forwarding the said railroad schemes. If the check was given to Mr. Corbin's bank—Bank of America—and by them cashed, and the amount credited to Mr. Corbin in account, it does not prove that the President's brother-in-law *operated in gold.*

All the secret of his connection with Jay Gould, and that gentleman's calling on him so often, was a mutual interest in certain railroad schemes. Among many other of the circumstantial evidences advanced to support the charge of the complicity of Corbin, and by inference the President, in the gold pool, was his receiving the said sum of twenty-five thousand dollars from Jay Gould. After the public charges against Grant, Butterfield and Corbin: Gould, Fisk & Co. made a strenuous effort to obtain the twenty-five

thousand dollar check, but in vain. Finding, however, that it had not been presented to Smith, Gould, Martin & Co, in adjustment of accounts, Mr. Frederick A. Lane, attorney for the Erie Railway Company, called at the Bank of America and informed them for Mr. Gould that his endorsement on that check was a forgery, and that it would not be paid by Mr. Gould. Notwithstanding this shrewd dodge of the Erie King, the gold clique have not to-day a single paper, check, letter, receipt or document of any kind or class whatsoever, which contains either direct proof or a shadow of evidence against any one of the three who, they allege, were in the gold pool with them.

As a last resort the Gould, Fisk, Jr., & Co., faction, having abandoned the charges against Grant, attacked General Butterfield. "We hold the documents over *him*," they said, and could unseat him at their leisure and pleasure. They have made threats that, holding a check for ten thousand dollars, which is endorsed by the Assistant Treasurer, and being money paid him on account of interest in the Gold Ring, they can prove his complicity. Will Mr. Gould come forward and repudiate his own signature, which he gave in certain stock operations made early last July, and before the gold corner and ring was proposed? Will Mr. Jay Gould blacken his own reputation by repudiating his signature and showing his hand in, if not a disreputable, a very unfair railway bond operation? Will Mr. Gould declare that the money borrowed and loaned in an open and fair way for private real estate

purposes was paid for Gold Ring interests ? We think most surely not.

The contempt of silence which General Butterfield gives to all the charges made by the Gold Ring answers them quite effectually enough as far as he is personally concerned. It may be that General Butterfield has friends who promised Messrs. Gould, Fisk, Jr. & Co., that he could be induced to enter the ring: and, further, it may be possible that such friends did tell the Gold Ring that he knew all their intentions and would see them through. But how wide of the mark they calculated will be seen from the fact that President Grant and Secretary Boutwell both learned of the plans of the Gold Ring several days prior to the panic, and that General Butterfield, in order to stand perfectly clear of the clique, prearranged the management of affairs with Secretary Boutwell so that the intentions of the government on financial subjects should be given to the press before they were made known to General Butterfield. For that purpose—to avoid all possible chances of his alleged collusion with speculators—General Butterfield requested the Secretary of the Treasury to send all despatches and instructions to him either Saturday night or Sunday night, and give the same information to the Associated Press on Sunday, so that it could appear in the New York press Monday morning, full four hours before he had an opportunity to see the communications. This system has been regularly carried out. It relieves the Assistant Treasurer from all responsibility. By it he is on the same level with all business people, for treasury

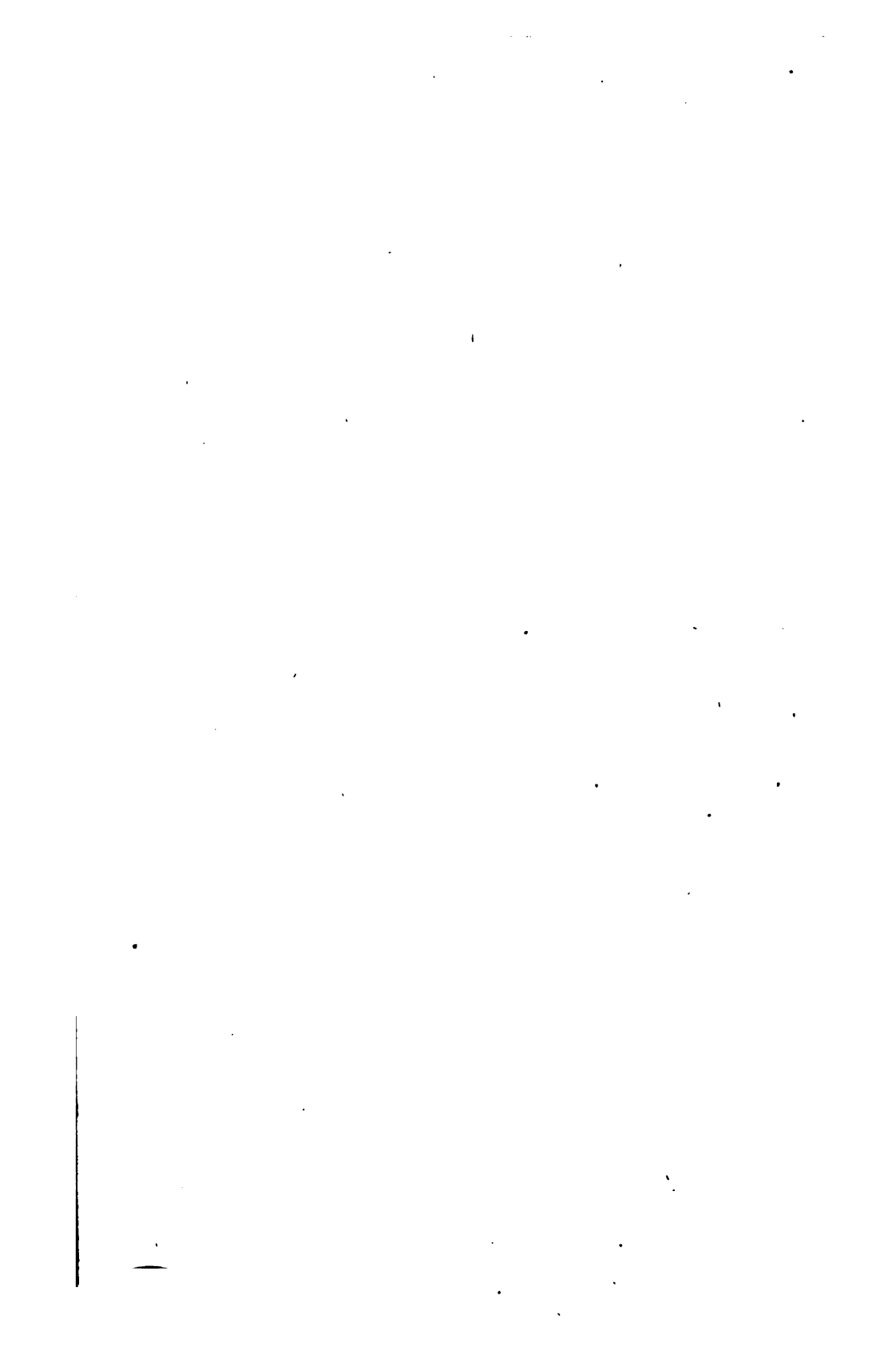
orders and instructions are known sooner through the press than by him, by his written instructions, unless it be in unusual cases, like that of the gold panic day.

General Butterfield, like the President, is wholly free from each and every taint of complicity in the Gold Ring. Its members have insinuated that the Assistant Treasurer was to have taken twenty million dollars gold from the Treasury vaults at the moment gold was the highest—the acme desired—two hundred—throw it into the market with their one hundred and ten millions, and when all was unloaded purchase the same twenty million again at a low price, (for they meant to all join hands to bear gold down as soon as they were safe through,) replace it in the vaults of the Treasury, and divide the spoils of the operation with the Ring. Any one and all who are acquainted with the system of checks on any attempt for any one person to handle the bullion in the Treasury building, recognizes how preposterous, how nonsensical, all this smart talk of James Fisk, Jr., sounds. General Butterfield is more powerless to handle the specie or currency of the Treasury than the merest clerk of the Department. To undertake such an affair he would have to enter into collusion with nearly a dozen clerks, and have a dozen axes of the executioner pendent over his head continually. For the sake of what honor the Ring has remaining, it had been better for them had they never undertook this tirade against the Assistant Treasurer.”

The subjoined statement of the transactions con-



JAY GOULD.



nected with the gold pool was furnished by Mr. Jay Gould, in his own handwriting, as follows:

"The first Mr. Gould saw of Mr. Corbin was in the latter part of May last, when Mr. Corbin sent for him, and they had an interview at Mr. Corbin's residence, 37 West Twenty-seventh street, regarding the appointment of a Sub-Treasurer in this city. Mr. Corbin represented to Mr. Gould that he could control the appointment, and wanted to know how he and Mr. Gould could make money by having the inside track. Mr. Gould understood that the appointee was to be Mr. R. B. Catherwood, the son-in-law of Mr. Corbin. Mr. Catherwood was an old friend of Mr. Gould, and the latter was anxious for his appointment. Mr. Catherwood told Mr. Gould that he would take no action in the matter without first consulting with Mr. Corbin.

At a second interview Mr. Corbin informed Mr. Gould that he had dropped Mr. Catherwood, fearing that his connection with the President's family might be the subject of scandalous comment, and that he had fixed on General Butterfield as the appointee, and could get letters from Mr. A. T. Stewart and others, which would make things appear easy and natural. He said he could control Mr. Butterfield, in fact that he owned him, and that he had consulted with Mr. Catherwood and the arrangement was satisfactory to him.

The understanding was that Mr. Catherwood was to receive one-fourth of the profit from whatever was

made by any financial operations undertaken upon account of Mr. Corbin and Mr. Butterfield.

After this arrangement, Mr. Corbin requested Mr. Catherwood to fetch Mr. Butterfield to him, but Mr. Catherwood refused to do so. Mr. Catherwood afterward told Mr. Gould that he had been down, and after the interview between Mr. Corbin and Mr. Butterfield, the latter gave Mr. Corbin a letter assenting to the agreement, and this letter was shown by Mr. Corbin to both Mr. Gould and Mr. Catherwood.

Shortly after this Mr. Corbin requested Mr. Gould to meet General Grant at his (Mr. Corbin's) residence, which he did, and subsequently accompanied the President to Boston, where he attended the Peace Jubilee.

On the way Mr. Gould spoke to General Grant in favor of the appointment of General Butterfield, and immediately after the President's return the appointment of General Butterfield was made public.

Some time in July Mr. Gould again met General Grant at Mr. Corbin's house, by invitation of Mr. Corbin. In the evening Mr. Gould accompanied Mrs. Corbin and General Grant's children to the Opera House and left them there, returning himself to converse with General Grant. He asked him what would be the financial policy of the Government, and the President replied that, as he was anxious to secure high prices for farmers' produce, no gold would be sold before the first of November, except the regular sales of two millions a month. Mr. Gould then asked how he would obtain means to purchase Government bonds, and his answer was that the Internal Revenue receipts

were unexpectedly large, and the currency balances in the Treasury would be sufficient without selling gold. Mr. Gould further inquired how he expected to keep money easy, to which he replied that there were from twelve to fifteen million dollars going out in pensions, and that he intended to increase the fractional currency from thirty millions to fifty.

Shortly afterward, on the strength of this information, Mr. Gould purchased seventeen hundred thousand dollars of Government bonds on the joint account of himself, Mr. Corbin, Mr. Catherwood, and General Butterfield. Mr. Corbin then informed Mr. Gould that he had received a margin of ten or twelve thousand dollars from General Grant, with which to carry three hundred thousand dollars of Government bonds, which were held for the account of General Grant, as Corbin said, by Messrs. Stone, Nichols & Stone, Mr. Corbin's brokers.

Mr. Corbin said that he was anxious to return the money advanced by General Grant and to show him a profit on the transaction so far as it had gone, and desired Mr. Gould to pay Stone, Nichols & Stone one per cent. more than the market price, and then to carry the bonds for the account of General Grant until they should reach one hundred and twenty-five, without having any margin or security. Mr. Gould agreed to do this, reserving, of course, the right to sell the bonds, at any time, if necessary, to protect himself; and on July 29th he paid Stone, Nichols & Stone three hundred and sixty-four thousand five hundred dollars for those bonds, which was three thousand dollars

more than they were worth on that day, and which represented profits that Mr. Gould's firm anticipated would accrue under the governmental policy of buying bonds. The transactions thus entered into between Mr. Corbin and his associates resulted in an eventual loss of fifty thousand dollars. The bonds were sold with the assent of Mr. Corbin.

Foreseeing from the large short interest in gold, and the absence of Government sales, an advance in the price was inevitable, Messrs. Gould and Corbin determined to enter into a speculation for the advance. Mr. Gould visited Mr. Corbin daily, and sometimes twice a day, to consult with him on the subject, meeting there almost always Mr. Catherwood, and General Butterfield occasionally.

Mr. Corbin gave Mr. Gould orders to buy several distinct lots of gold besides taking a joint interest in the other transactions. Among other lots, he directed Mr. Gould to purchase five hundred thousand dollars in gold at one time, which he did, at the price of one hundred and thirty-two. When the market had advanced to one hundred and thirty-seven, Mr. Corbin directed him to sell that lot, which he said was for the account of Mrs. General Grant. This was the first intimation that Mr. Gould had received that the President or any of his family were interested in the market. He sold the gold accordingly, and gave Mr. Corbin a check for twenty-five thousand dollars on September 6th. Their interviews still continued to be very frequent, morning and evening, and at several Mr. Catherwood was present.

In September they discovered that a number of bankers and brokers, who were supposed to be very influential with Secretary Boutwell, had undertaken to bear the gold market on a large scale. After they had made enormous short sales, this combination sent one of their number to escort Mr. Boutwell to this city, and arranged to give him a handsome dinner at the Union League Club, where they exerted their utmost influence to induce him to sell gold.

Learning of this movement, and in order to checkmate it, Mr. Corbin procured from General Grant a letter, to be delivered to Mr. Boutwell, peremptorily instructing him not to sell gold.

This letter Mr. Corbin gave to General Butterfield, with instructions to deliver it to Mr. Boutwell on his arrival; but various circumstances having excited Mr. Corbin's suspicions that Mr. Butterfield was playing him false, he proposed to Mr. Gould that a safe messenger should be sent to General Grant with a letter from him which, as he said, would settle all of them.

This letter he read to Mr. Gould, who thereupon sent Wm. O. Chapin to Washington, Pa., to deliver it. Mr. Corbin afterward received a letter from Mrs. General Grant, in which she expressed great anxiety to have these speculations closed. One reason she assigned for closing the matter of the bonds was, that it was impossible to tell what effect Cuban affairs might have upon them. Another was that the President feared that he was influenced by these speculations, though he tried not to be.

When gold reached one hundred and forty-one Mr.

Corbin informed Mr. Gould that he had just sent a letter by mail to General Grant, in which he told him that he was out of all speculations, either in gold or in bonds, and that as an impartial observer he was decidedly of the opinion that it would be very dangerous to sell gold. He then said that at the present price of gold there would be about one hundred and fifty thousand dollars profit; that he wished Mr. Gould to give him a check for that sum, deducting the fifty thousand dollars loss on the bonds. Mr. Gould replied that it was utterly impossible for Mr. Corbin to be entirely clear of the speculation until all parties interested had sold out; but consented to give him a check for one hundred thousand dollars on account, and he (Corbin) said that he would immediately write a private letter to the President explaining his real position, the other letter being intended for use in the Cabinet meeting.

Some time before this Mr. Corbin told Mr. Gould that the order had been actually issued from the Treasury Department for the sale of gold, and that General Grant had countermanded it on receiving a letter from him relating to the subject."

The subjoined letter appeared in the *New York Sun* of Wednesday, October 20th, 1869:

NEW YORK, *October 14, 1869.*

JAY GOULD, Esq.

DEAR SIR:—By your request, and acting as your attorney, I called on Gen. Butterfield, Sub-Treasurer, at his office, on Saturday, 25th day of September last.

I stated to Gen. Butterfield that I had called in reference to the one million and a half dollars of gold he had in the pool, which, with commission and interest, stood in about one hundred and forty per cent. I told him that he must either put up more margins or take up the gold entirely, or it would be sold out for his account and in his name.

The general replied that there was some misunderstanding if you bought for him; and while he did not admit his legal liability, (for they did not have his signature to anything, nor did they have a scrap of paper in his handwriting,) yet, whatever his friends had done for him he felt in honor bound to stand up to, and he would do so. (I beg leave to state that the General must excuse me from giving his exact words, as his conversation was so interlarded with profanity that no gentleman would repeat it.) He said he had given orders to sell out his interest in the pool some days before, and that he thought "that old gray-headed fellow" would play them false and sell them all out, if they did not look out. He asked me if I had seen Corbin up there, and added:

"They had better keep an eye on him."

He asked where Mr. Gould was, and whether he could see him if he went to his house that evening. He said he wanted him (Gould) to understand that he never backed out, and that he would take up the gold or put up margins on Monday if I would not have it sold out that day; that he had a million dollars worth of real estate, but no ready money; that he had been in a speculation for another two hundred

thousand dollars gold, and that had drained him of all his funds; that he wanted to leave the matter to his friend Tweed, but that he was ready to do anything he could. He was very much agitated, and said that it was not his fault that the telegram got out so quick; that when he received it he showed it to your messenger first, though there were other parties in the room. He showed me his letter-book containing copies of his letters to Mr. Boutwell, and read me a letter which he had written to him in reference to the sales on Friday, 24th ult.

He added that there need be no great uneasiness about the matter, for the price of gold was not going down, and the loss could not be very great anyhow, and whatever it was he would pay it some time. I then telegraphed you as follows:

"He is alarmed. Says if you bought for him it must have been a misunderstanding, but that you should be protected to the utmost of his ability; that it is impossible for him to do anything to-day, and wants to see you. I told him that was impossible, that I had full power and must have margin, or he must take the gold up. I would consider, and return in twenty minutes for further conversation."

I did call in about twenty minutes; he then said, in order to show Mr. Gould that he was in earnest, he would give him a check on account that day. He said that he did not have on hand more than four or five thousand dollars, but would do what he could. As my orders from you were peremptory, to make him give margins or take up the gold, or have it sold, I

asked him if he would make it a matter of honor, and if I would take the responsibility of not selling him out, would he without fail give me a check for at least ten thousand dollars by three o'clock, and more on Monday, and agree to mortgage his real estate for any balance to be found due on the transactions when they were closed? He replied:

"Yes, I will on my honor' as a man give you a check for at least ten thousand dollars before half-past two o'clock to-day, and mortgage the very roof over my head for the balance."

I said I would come in about two o'clock, as I wanted to get up town before three; he asked me to make it as late as possible, for there were so many around that it might be regarded with suspicion if I came there. I then telegraphed you as follows:

"He will hand me check on account at half-past two, more on Monday, and mortgage his house for balance. Am on my way up to give particulars, so as to get back to him at appointed time."

In the afternoon when I called, about twenty minutes past two o'clock, I found Gen. Butterfield with his hat on ready to go out. He told me that his wife was very ill, that he had just had a message from her to come up in the three o'clock train, and that he would be back on Sunday night, and would see you. I then asked him what he meant by giving me his word of honor in the morning as to the ten thousand dollars, and if he thought that was behaving like a man, and to remember what sort of a position it placed me in with my clients. He then replied:

"My idea is," replied the other, "that a man that won't stand up to his associates when overtaken by disaster deserves to be exposed. Fisk and Gould have done no differently than you or any other man would do under the circumstances. Corbin and Butterfield and the rest of those fellows would have no objections to receiving the profits if the affair had been successful. Now, why don't they put up like men when the game has burst on them. Confound them, they deserve to be exposed; and if Mrs. Grant was in it she deserves to be exposed. Every man will defend himself; that's natural. These people tried to fasten all the losses as well as the odium of the business on Jim Fisk and Jay Gould, and I don't blame them for striking back. You or any other man would do the same."

General Butterfield was forced by the pressure of public opinion to resign his office, which he did in a letter addressed to the Secretary of the Treasury, in which he emphatically denied all connection with the gold gamblers, and courted the most critical scrutiny into his official conduct.

The reporter of the *New York Herald* thus recounts his interview with Mr. Corbin, in his sick-room, at his residence:

"On entering Mr. Corbin's room the writer found him in bed. He complained of suffering from disease of the heart.

Reporter—I come, Mr. Corbin, to get your denial of the charges made against you in the letter published by Mr. Fisk. You have seen the letter, have you not?

Mr. Corbin—Oh, yes, I have seen it. A kind friend brought it to me just now. It is dreadful, but I can say nothing about it.

Reporter—If not equal to the task of answering the charges in detail, you will surely give a general denial.

Mr. Corbin—No. At present I cannot say anything. I am sick. You must go to my friends, Mr. A. T. Stewart or Col. Howe, of Wall street; they know me. They know I am innocent of these charges. They will give you more information.

Reporter—But, Mr. Corbin, your friends cannot speak for you in this matter. You are able to tell me that your friends know that you are innocent. Let me have from your own lips a denial of the charges.

Mr. Corbin then *raised himself in the bed and vowed by his God and all that he held sacred that he was in no way connected with the operations of Fisk and Gould*; that the charges that he was interested with Messrs. Fisk and Gould in the recent gold speculation are wholly without foundation. He denied that he had any interest, directly or indirectly, in any speculation in gold or Government bonds, with or under the direction of said Fisk and Gould, or either of them, and further that he had never received any check or money from either of them on account of said speculation or for any other purpose. It was all a base fabrication for the purpose of black-mailing him. They were trying to work upon him on account of his relationship to General Grant. "*I swear to you,*" he exclaimed, raising his hand and looking the reporter straight in

the face, *"that Fisk and Gould have never been to my house since Gould called last summer when the President was here. I have no connection with such men. When the President was here my house was open, and I received all who came to see him with open arms."*

Reporter—Then the statements published the other day to the effect that Fisk was here on the 30th of September last are false?

Mr. Corbin—False, every word. I will solemnly swear that Fisk was not in my house on that day, nor was his carriage at the door. The affidavit of the man Banfield, whom I supposed to be a detective, that he saw the carriage at the door, is a lie!

Banfield is Mr. Jay Gould's coachman.

Mr. Corbin sank back on the bed completely overcome with emotion."

While this virulent controversy was raging Mr. Corbin was seriously ill, and consequently unable to explain his position and reply to the attacks that were made upon him; but the following communication was prepared and inserted in one of the New York journals, probably at his instance:

"Mr. Corbin, who lies seriously ill at his house, is, we understand, preparing a statement which will appear under his own signature, in reply to Mr. Fisk's letter.

The nature of Mr. Corbin's reply may be gathered from the statement of friends who have been in communication with him.

They deny that Mr. Corbin ever, from the beginning of the gold speculation, many weeks ago, to the noon of Friday, when the gold market broke; (Septem-

ber 24th,) had any conversation with Mr. James Fisk, Jr., on financial subjects of any kind, either alone, or in the presence of others.

They deny that Mr. Corbin ever authorized or instructed any person, either verbally or in writing, during the same period, to either buy or sell gold or stocks for him or for others.

Mr. Corbin's friends say that the letter of Mr. Fisk, and the affidavits accompanying it, show a deliberate attempt to place Mr. Corbin in a false position.

Banfield's affidavit shows, they say, when analyzed, that for three months this man was engaged in watching Mr. Corbin's house, in order to be able to swear that Fisk and Gould at different times actually passed in and out of Mr. Corbin's doors.

They add that during the whole course of the late gold speculation, Fisk was not once invited by Mr. Corbin to his house for any purpose; and that, in short, the impression that Mr. Corbin was during the gold excitement with Fisk is not true.

Mr. Corbin's friends say that it is true that both Fisk and Gould have been in Mr. Corbin's house; they made various calls there, with the pretext or excuse of offering railroad and steamboat accommodations to Mr. Corbin's family.

It is asserted that one of these calls was made by Mr. Gould, at Corbin's house, when President Grant was staying there. It is added that Gould conversed with the President and asked him some questions about the general financial policy of the Government. To this Grant, it is asserted, replied that he had told

Mr. Bigelow, the editor of the *Times*, in a conversation with him, all that he thought the public needed to know, and that Mr. Bigelow had put it all into an article published some days ago, to which Mr. Gould might refer.

This explains the President's patience with Fisk's interrogatory on the boat, as well as his reference to a previous conversation.

The above statement we have reason to believe contains the views of Mr. Corbin, and will be repeated in any reply he may make to Mr. Fisk's letter. That he should promptly make such a reply is plain.

The truth seems to be, according to Mr. Corbin's friends, that he has chosen to admit to his house men of whom he knew very little, and that he is not a very wise man, or one who can discriminate clearly the character and designs of those who approach him."

Mr. Corbin is a New Englander by birth, but went West early in life. During the last quarter of a century, previous to the commencement of the war of the rebellion, he resided in St. Louis, Missouri. He was a lawyer by profession, but abandoned it for the career of a newspaper editor. As a writer he is clear, terse, logical, and oftentimes brilliant. He was always a Democrat, and acted with the Democracy of the Northwest.

He was a personal and intimate friend of Mr. Lincoln, and delights in narrating the various anecdotes and witticisms of the lamented President. When the war broke out Mr. Corbin went to New York.

Soon after arriving there, Mr. Corbin, then moder-

ately wealthy, began making investments in New Jersey real estate and railroads. He wrote up a number of these roads in which he became interested, and in a lengthy communication published in a New York journal last year, said:

“Mr. Jay Gould is a railroad man of consummate ability, and railroad managers would do well to open their glasses that way.”

Mr. Corbin purchased a large tract of land at West End, New Jersey. He then interested himself in the Pavonia, Long Dock, and West End Railway, which passed through his property. It was to further the interests of the Newark and Paterson road and convince the stockholders of Mr. Gould's great abilities, that Mr. Corbin wrote the article mentioned above.

In April, 1868, Mr. Corbin lost his wife, a most highly accomplished and amiable lady, whose circle of acquaintance extended throughout the Union. He remained a widower until last May, when he married Miss Jennie Grant, sister of the President, after a brief courtship. He was first introduced to her on inauguration day. Mr. Corbin's acquaintance with General Grant arose from the sale of his house on I street, Washington City. He sold it to the parties who presented it to the President.

Mr. Corbin is about fifty-five years old, very tall, somewhat slender, stoops slightly, has grey hair and light brown eyes. He is bold in his speculations, but weakens before great risks. He prefers to invest safely, but generally manages to buy property which rapidly rises in value. As his property increases in

value, he mortgages it and invests the proceeds so as to make a higher rate of interest than seven per cent. His five-story, high stoop, brown stone mansion on West Twenty-seventh street, is a valuable piece of property. The furniture is Paris made. Elegance, but not sumptuousness, marks the interior of his home. His wealth is variously estimated by a relative at from two million five hundred thousand to three million dollars, a very large share of which has accumulated since his connection with Jay Gould and other New York dealers in stocks and real estate.

He is a devoted member and an ardent supporter of the Methodist Church. In conversation, Mr. Corbin is not impressive. His tone and manner are often childish. He has a habit of breaking out in laughing spells, when he drops his face in both hands until his laughter is over.

The community was intensely agitated by the revelations of Corbin's alleged complicity with the Gold Ring, and his imputed baseness in trafficking on his family relations with President Grant, aggravated by the turpitude ascribed to him of traducing his confederates and denying any affiliation with them. The matter was brought to the attention of the President, and elicited from him an emphatic denial of all responsibility for Corbin's actions, which was telegraphed to the Associated Press, as follows:

WASHINGTON, *October 3, 1869.*

As comments have been made in the newspapers affecting the administration in connection with the

recent gold panic, and much interest is felt on the subject, the Washington agent of the Associated Press called upon the President to ascertain whether there was any foundation for insinuations or direct charges against the Administration. The President conversed with the utmost frankness on the subject, and said that he had not thought proper publicly to contradict the allegations concerning himself, as he had done nothing whatever to influence the money market or to afford any advantages to private parties. While in New York he had many voluntary advisers, but he repeatedly said to them that the Administration always held itself in a position to act as it seemed best, and free to make any change of policy for public interest.

In the course of the conversation the President said that while on the eve of going to Newport, James Fisk, Jr., came on board the steamer at New York, and said to him that Gould had sent him down to ask that he would privately give them a little intimation of what the Administration was going to do on the financial question.

The President replied that the giving of such information would not be fair, and asked Fisk whether he did not think so himself?

Fisk admitted it would not be fair.

The President then informed him that whenever the Administration intended to change its action or policy, the Secretary of the Treasury would give notice through the newspapers as usual, so that everybody might, at the same time, know what it was, thus excluding any possible charge of favoritism.

On the morning of the panic, Secretary Boutwell communicated to the President the situation of affairs in New York, when the President said, "Sell five millions of gold."

The Secretary replied that he had come for the purpose of suggesting a sale of three millions. The notion of selling gold thus appearing to be in the mind of each at the same time. A few minutes thereafter the order was telegraphed to New York to sell four million of gold.

It may be repeated that the President had informed no one whatsoever of the purposes of the Administration on financial subjects, and the same remark is equally true of the Secretary of the Treasury.

The virulent aspersions heaped on President Grant by unscrupulous parties and the persistent efforts made to incriminate him as an aider and abetter of the gold gamblers, were treated by the intelligent portion of the community as base calumnies invented by the plotters and tricksters whose schemes to enrich themselves by the bankruptcy, sacrifice and downfall of others had been thwarted by the prompt action of the Government, and had recoiled with fatal effect on themselves.

Nevertheless, such excitement was created by the multitudinous allegations of the President's complicity with the gold ring and his reputed speculations in Wall street, that some of his friends deemed it advisable that the President should deny over his own signature the charges which partizan malevolence and baffled machinations had propagated and widely disseminated.

Accordingly, one of his most trusted friends, the proprietor of the New York *Ledger*, addressed him a communication on the subject, to which the President replied in a frank and emphatic manner, and the correspondence, which was published, convinced the people that the accusations made against him were "weak inventions of the enemy," and that the "hero of Appamattox" could not be flanked by the bulls of Wall street.

As an important contribution to the history of the times, the correspondence is transferred to these pages:

OFFICE OF THE LEDGER,
Corner of Spruce and William Streets,
NEW YORK, *October 11, 1869.*

MY DEAR GENERAL:—As I stated to you immediately after your election, that there was no office which I desired either for myself or any friend, I have had no occasion to write to you in regard to such matters. There is a matter now, however, that concerns you personally, and in which I feel that I discern your interest so plainly, that I take the liberty to write to you with reference to it. I do this with less hesitation, because you did me the honor after your election to confide to me pretty fully your views. In the present disturbed state of the public mind concerning the recent gold combination, is it not the quickest and surest way to set at rest the great excitement and uneasiness which prevail, for you to make a brief denial over your own signature of all foreknowledge

of that combination, in order to relieve yourself entirely from all responsibility for the acts of others? Of course, those who know you personally do not require such a disclaimer; but the great public, whose minds are liable to be warped by the determined and persistent efforts to injure you, will be, it seems to me, at once satisfied and quieted by such a statement.

Sincerely yours, ROBERT BONNER.

PRESIDENT GRANT.

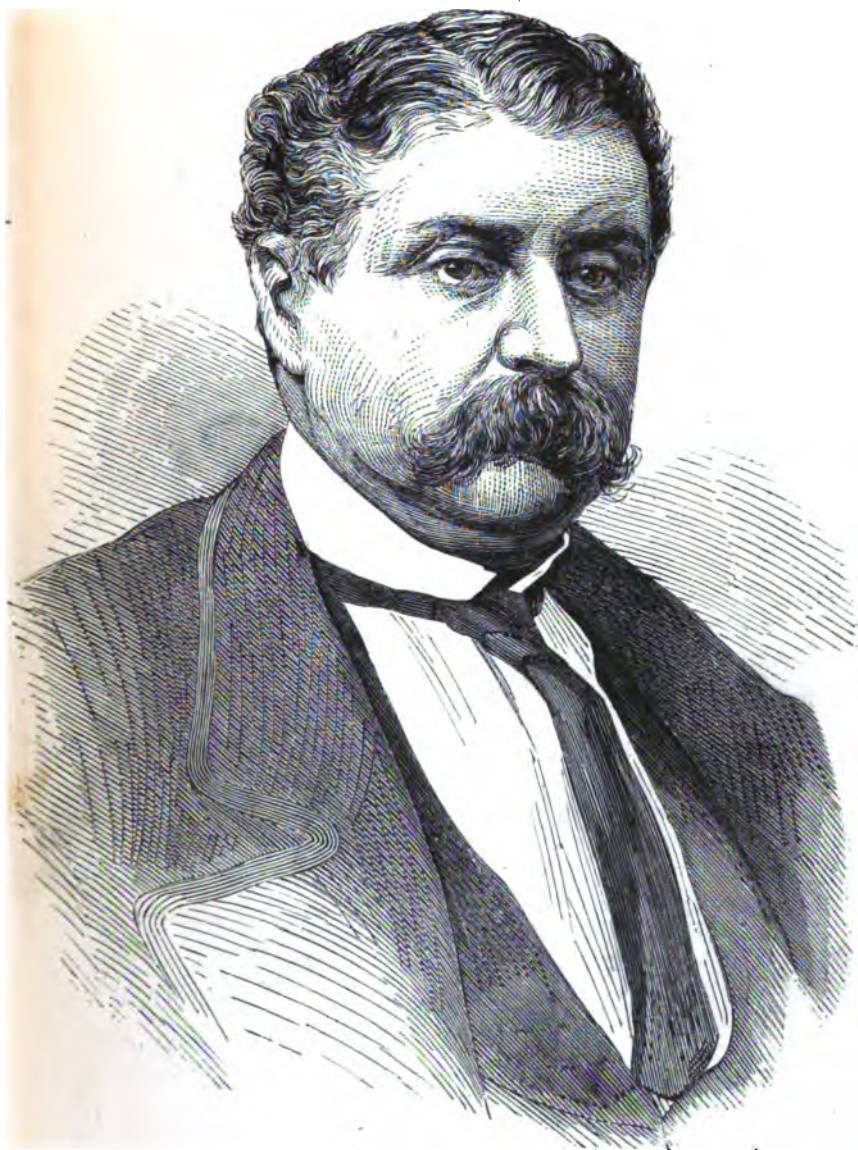
WASHINGTON, D. C., *October 13, 1869.*

ROBERT BONNER, ESQ.: *Dear Sir:*—Your favor of the 11th instant is received. I have never thought of contradicting statements or insinuations made against me by irresponsible parties as those are alluded to in your letter, but as you have written to me on the subject, in so kind a spirit, I will say that I had no more to do with the late gold excitement in New York city than yourself, or any other innocent party, except that I ordered the sale of gold to break the ring engaged, as I thought, in a most disreputable transaction. If the speculators had been successful you would never have heard of any one connected with the Administration as being connected with the transaction.

Yours, truly, U. S. GRANT.

P. S.—I have written this in great haste, and without exercising judgment as to the propriety of writing it, but I submit it to your judgment.

U. S. G.



JAMES FISK, JR.



CHAPTER XX.

CONGRESSIONAL INQUEST AND POST MORTEM EXAMINATION ON THE VICTIMS OF THE GOLD MASSACRE.

At the second session of the Forty-First Congress, the House of Representatives instructed the Committee on Banking and Currency to inquire into the causes that led to the fluctuations in gold in the month of September, 1869. In the prosecution of their investigations, the Committee summoned as witnesses the Head-Centres of the Gold Ring, Jay Gould and James Fisk, Jr., whose appearance before the Committee, and the incidents and developments connected therewith, are thus graphically portrayed:

The examination of Fisk and Gould occupied six hours. Fisk was examined first and Gould afterwards. Much to Gould's chagrin, he was not permitted to be present when his confederate was examined, and Fisk was served in the same way. Members of the Committee describe the examination of Fisk as theatrical and ludicrous in the extreme. He talked with great rapidity and illustrated his utterances with grotesque actions, and interlarded them with copious interjections and profanity, and several times the Committee were convulsed with laughter. After his examination was over, Mr. Fisk stated that he testified in substance as follows before the Committee:

"In the first place, when I got down stairs, (alluding to the position of the Committee room in the basement of the Capitol,) I called for the reading of their authority, my object being to see precisely what they were gunning after. It seems the resolution of that Committee is that they shall inquire what led to the fluctuations in gold between September 21st and 29th, &c. Well, then, General Garfield said, 'Now you had better go ahead and state to the Committee your version of the matter as you understand it, and then when you are done we will ask you what questions we please. What you will have to do is to go into a history of the transaction.'" Mr. Fisk then proceeded to rattle off, at the rate off about one hundred and sixty words per minute, the following statement, which he said he had told the Committee:

"Well, in the first place, in order to get at the matter clearly, Mr. Gould, together with what little help I render him, is the manager of the Erie Railroad, a large corporation employing seventeen thousand or eighteen thousand men, and earning seventeen million dollars or eighteen million dollars per annum, most of which earning depends more or less upon the state of the country, of course. If the country is stagnant, so are all the crops at the West. We being one of the trunk lines, if the crops are held back, it materially decreases our receipts and paralyzes our business." (And here Mr. Fisk, as if to impress this point particularly, said, with a turn in his chair and a toss of his head, "*Do you see?*" and then he continued :) "Now, in 1866, 1867, 1868, with gold running from one hun-

dred and forty-one to one hundred and forty-six and one hundred and forty-seven, the United States had no trouble in shipping their crop of grain to Europe at a profit. The market they had to compete with was, of course, up the Mediterranean, and of and up the Black Sea." Jay Gould, who had gathered himself in the corner of a lounge, looking at Fisk with his sinister black eye, interrupted by way of correction and explanation, with the remark, "The Greek ports; they have cheap labor and water transportation against our high labor and railroad transportation."

Fisk—"Yes; therefore, when we come to the summer we look forward to see whether there is anything in the country, or the finances of the country, or the foreign competition, to indicate to us whether our crop is going abroad or not." (Here Fisk took a long breath, and, arranging himself more comfortably in his chair, went on.) "As early as the 15th day of June last, General Grant was going to Boston to the Jubilee, and was to travel over our line, in the big boats, by the way of Fall River. We made up our minds—Mr. Gould and myself—that we would go with him and see if we could not find out what his policy would be for the Fall. Gold was then one hundred and thirty-five, and we knew that if gold remained at that figure our crops would not be shipped. We left New York to go to Boston with the General, about nine o'clock. We first gave him a supper about eight o'clock, and the conversation, of course, turned upon the important topic of the finances."

Q.—"Who was at the supper?"

Fisk—"Mr. Gould, Mr. Marston and myself (Mr. Fisk, apparently impatient at the interrogation, went on.) This was the first real interview we had with him, I mean where we could settle down and talk with him. The first thing I made up my mind to was that Grant was studying into the finances; and if he was studying into them, of course he would exert a certain amount of power to rule them his way. The first thing that cropped out with him was that he was on his march to specie payment and a lower price for gold. That was the first thing that struck us. We, of course, went into an argument to show him that if gold fell to twenty, with the enormous crop on hand, it would not be brought forward at all. There was nobody to consume it. The home consumption would not begin to eat it up. It struck across us like cold water. We went into an argument to convince him that something should be done to get off this crop at a high price; that it was his policy to sell gold at a high price for the foreign market. I remember one remark he made particularly, and that was, after he had been talking an hour and a half: 'It was well, gentlemen. The bubble might as well be pricked at one time as another,' as much as to say," said Fisk, "If we are to have a crush it might as well be at one time as another." (Here Fisk laughed very heartily.) "Now," said he, with a peculiarly cunning smile, and a comical expression, "our idea of crashes is to have it all milk and honey with us, and let the other fellows stand it. Let the next man have all the trouble. But Grant did not seem to receive it quite that way. (With

a sigh.) We came back from Boston along in July. I went down to Long Branch. There was no opportunity to talk there. (Emphatically.) About this time Mr. Gould had become acquainted with Mr. Corbin, who married the President's sister. Mr. Gould could not disabuse his mind. He paid more attention to it than I did, although I am doing all the talking. He could not disabuse his mind that this policy was going to bring us all up with a round turn."

Q.—"That it would ruin you?"

Fisk—"Yes. To-day there is not a man who is making a dollar that is trading in anything. The idea was that he, Grant, might be induced to stop pursuing this theory if it was properly put to him, and that he would understand it. We went down to Long Branch, but did not have a talk there. We wrote to Boutwell that it seemed to be Grant's idea that he was travelling for pleasure. He did not care to devote much time to business, only some six months or so, and the other six months to floating around for pleasure. I should think it was along in July that he was going to Newport again. We were then running two lines to Boston, one by Fall River, not landing at Newport, and the other by Newport, landing there, leaving New York at 6.30 P. M. Grant was to come down to the boat at five o'clock. Mr. Gould, in the afternoon, went to work and wrote a letter to him, in which he explained to him that we had the facts on our table that there was already on the sea, from the Greek ports to London and Liverpool, three hundred vessels, and that the beginning of what we had told him five

or six weeks previous, had begun to work. Gold was then selling at thirty-three and thirty-four. He, Gould, asked me to take the letter down to Grant, have a talk with him, and, if I saw fit, to say to him that if the government would not sell gold, we, for the sake of getting this transportation, of getting employment for our motive power, which would make a difference of several million dollars—that, if he thought it advisable to put the gold market up and start up trade here—we could ship this crop. I started down and had a long conversation with General Grant on my way to Newport, and at that time, when I left General Grant, we decided that we would go to Newport the next Sunday, and he would telegraph to Boutwell, and either have Boutwell at Newport, or have some letter which we could tell something about.”

Q. “Have a conversation?”

Fisk—“Yes, have a conversation. Just about that time it got along to be the first part of August. Mr. Gould and I had become interested in building the Paterson and Newark Road, where we became acquainted with Mr. Catherwood, who married Corbin’s daughter. Catherwood had been put forward some time before this time as Assistant Treasurer, but it seems he was a little too near the family.”

Q. “Had you not been trying to get Catherwood appointed?”

Fisk—“They, Gould and Corbin, had been trying to do it, but they *drapped* him, concluding that he was not the man, and substituted Butterfield. Gould had made up his mind that the policy of the government

would be to stand still until the crop was removed. But I was not in the thing at the time. Butterfield was then, through Corbin's influence, carried into the Assistant Treasurership, and it seems then that Corbin had taken up the matter on this theory: That this crop should be taken off at a high price. And the old gentleman went still further—that there was a great deal of money in it. Now, if you know anything about Corbin, you know that, when he reaches up, he takes along the shelf; he does not leave anything on it; he takes everything. He came very near sinking us, (with grim humor.) Corbin then conceived the idea that he could run the Treasury, having got Butterfield in there. Mr. Butterfield felt under some obligations to Mr. Corbin. All decided that there was a great deal of money to be made. They all conceived that with our power of carrying, a great deal of money would be made. The whole tide of the country seemed to be setting against gold going up; but Mr. Gould, in his great anxiety to get himself into a position of getting traffic for his road, had several interviews with Mr. Corbin; Corbin had his interviews with General Grant; Gould, too, had his interviews with Grant, and Corbin felt very firm in the belief that he could regulate this whole matter. That was the beginning of this purchase of gold. I had expressed to them my views on the matter; but in the beginning of it I was left out, and they commenced buying gold—Mr. Gould, from his resources. In all they probably bought about two million dollars of gold.”

Q. “Did you buy?”

Fisk—"Yes, some at thirty-seven. Mr. Corbin told me that Mrs. Grant had five hundred thousand dollars; that General Porter had five hundred thousand dollars, and that he had one million five hundred thousand dollars himself. This ran along about five weeks, until about the 15th of September. Gold about that time had 'kept settling until it got down to thirty-one, and Mr. Gould had got a pretty bag of it. I could see by the way that he was tearing up little pieces of paper—every man has his peculiarities, you know—(with a laugh, Gould smiles also) that he was pretty well up to the handle. He was all the time running to Corbin. He would slip in every morning and take a dose of Corbin, you know. (Fisk laughing and meaning to be very funny.) I came into the office one morning and he was telling what a great purchase this gold was. I said: 'Gould, if I had as much gold as you have got, and it stood at such a loss as I think it will stand, I should think you would invite all of your able-bodied friends in to help bear the yoke.' I had not said much about gold for some weeks to him. We had always speculated together. Although he seemed to have a very good thing, he did not want to let me in. It seems, although I did not know it until afterwards, that he had got in and did not care to talk about it. But I could see, instantly, that if we were going to do anything, we should all put our shoulders to the wheel. We were dropping off in our earnings, and I had made up my mind that gold was not to be put up. We all knew that there was only thirteen or fourteen millions of gold in New

York. We started that morning, through Heath & Co., to buy gold; and afterwards I said to Mr. Gould: 'Have you got any understanding with Corbin, or have you carried out any of those theories with Grant that we talked about last July?' 'Yes,' said he; 'there is no gold to come out of the Government.' We can put the gold up to forty-five, and I think we shall make money out of it, and we shall get our winter and fall transportation for our road. My idea is to go ahead. Upon that base I started in myself, without any understanding that I was to share in his loss or he in mine. I made up my mind, and got what I could carry. I found that I could get all I wanted. (Laughing.) Gold was then about thirty-six and a quarter. He (pointing to Gould) had gold enough to sink a ship. I guess that the day after I commenced I said to Mr. Gould: 'Now you give me a letter to Corbin, stating that I know all about this affair; that he has got the Treasury fixed; that Butterfield thought he could get the Treasury news first. I want to talk with him freely, so that we shall know exactly where we stand.' I got the letter, and talked with Corbin three hours. He told me that everything was all running nicely; that he had got this gold with Mr. Gould; that he had received a check for twenty-five thousand dollars, which he had forwarded to Washington; that everything looked bright, and he was confident we were doing a great national good, (laughing,) as well as assisting the road to its transportation; that he saw more money in the transaction than he had seen in all his life. He had all the arrangements that he had made

down here at his tongue's end. So I started back to our office. We have some telegraph wires there, and I thought I would be sure and get a good jag of it. This took us up to about the Monday or Tuesday before the 'black Friday'—about September 21st. I found after I left Corbin's office that I felt very like getting back there again and talking to Corbin. I was nervous and shaky all the time. This way, you know," said Fisk, getting up and shaking his knees, "but Corbin, when I got to him, said, 'You need give yourself no uneasiness;' but I felt that when I was talking to him I was a great deal better and stronger than when I was away from him. I saw him two or three times, in which he reassured me, and gave me a great deal more confidence. I think it was that night that Mr. Gould came down from his house to the office, about eight o'clock, and said: 'I want your special man—the man whom you send upon the most intricate business you have. I want him to take a letter to-night from Mr. Corbin to General Grant, at Washington, Penn.' I called Chapin, and he said to Chapin, 'I want you to-morrow morning at half-past six, to be at Corbin's house. He will give you a letter to General Grant, directed to Washington, Penn. I want you to take the train, to go by Pittsburg, and deliver this letter to Grant. See what he says. Go from there to the first telegraph station and telegraph me what the reply is; that is, if you can do it without communicating any secrets.' I was afraid he would sleep too long, and I said to my brother-in-law, 'Go to Mr. Chapin and see him aboard the train, so that when I come to the office

in the morning, I may know that it is all right.' In the morning they were there. 'Old Hamlet Corbin' came down stairs at half-past six and delivered him a letter directed to General Grant. Chapin came out and got into a carriage, and drove to the Jersey Central Railroad. He travelled and never stopped until he delivered that letter to General Grant at Washington, Penn. When he arrived at the house in Washington, it was very early in the morning, about seven o'clock. He rang them up, and sent his card, 'William O. Chapin, from Mr. Corbin.' He then went into the parlor and very soon the General came down, opened and read the letter clear through and went out, evidently as if to show it to Mrs. Grant or some one else. He was gone about fifteen minutes, and when he came back said to Mr. Chapin 'All right,' and bid him good morning. Mr. Chapin drove to the next station, and we received a despatch, viz.: 'Delivered—all right.' That was all the despatch said. He wended his way back. It took us up to Thursday morning. I was around to see Corbin. He said that everything was A No. 1; that this letter had settled everything beyond a doubt; that the interests involved to the nation and otherwise had rendered everything safe. On Thursday afternoon I had been into Wall street. Mr. Gould and I drove to Belden's office and gave an order to Mr. Heath. When we arrived gold was thirty-six and five-eighths, and when we left the street that night gold was at forty-one. There was a great deal of excitement, and the evening papers had statements that the government

was interested, and that there was a sharp, quick corner in gold, and that the government would not sell. During this time Boutwell had come on and the 'bears' got up a dinner for him—one of those self-admiration dinners. They told Boutwell that he was the greatest financier on the face of the earth, and if he would only tell them what he was going to do they would fish a big thing out of the sea. But Boutwell kept a very close mouth. He did not know where he stood, and therefore not knowing where his position was he thought he had better keep still. I do not think that they got anything out of Mr. Boutwell. But now it seems that after this dinner there was a sort of flurry in the ranks, some not liking his declaration that in case he was cornered he would not sell. The other party stood it out, and at about four in the afternoon of Thursday, they started into cover and put the gold up to forty-one, together with what little help we gave them. Mr. Belden, who was then of the firm of William Belden—who had a brother-in-law of mine in partnership with him, and with whom we had more or less business—had seen so much for the last week, made up his mind that we had so much gold on hand that we exactly knew our position, or else we should not be caught in such a position as we were then in. He said to me on the evening before Friday: 'Now, if you have got all this gold and you want any assistance you had better let me come in and help.' Said I, 'If you want to come in we will give you a hand in.' 'I have not got time now,' he replied. I told him we could go to the

back office at Heath's in the morning. 'I will bring my broker in there, and you can give me a letter'—which he did and which was as follows:

'DEAR SIR: I hereby authorize you to make purchases and sales of gold during this day to any extent you may deem advisable, you to report the same as early as possible, with the understanding that the profits of such order are to belong entirely to me; and, of course, I will bear any loss.

(Signed,)

WM. BELDEN.'

"On Friday morning Mr. Belden brought in one Speyers, introduced us, and said to me, 'Mr. Fisk, Mr. Speyers will execute any orders of mine, any orders that you may give him,' and, turning to Speyers, said: 'When you have executed these orders you will report to me.' Gold was then one hundred and forty-three, and I said to Speyers the quicker he was there the quicker he would get some of it, as it was then a little scarce. Speyers, being one of those Roman Saxonians that belong to the 'chosen band,' snuffed the breeze, and started off to fill Belden's orders. I told Speyers I did not limit him—'now go ahead and buy your gold.' By the time Speyers had got out there gold was sixty. Speyers did not see why, if gold would go twenty or thirty in two or three minutes, it could not go to three hundred in half an hour, and so he commenced the assault on them at one hundred and sixty. Judging from what he told me he got a pretty good lead on it at that. [Laughing.] During this time

I did not know how it was going. That morning there had been an article in the *Times* in which the Administration was charged with being in league with us in putting up gold. Gould and I read it coming down town in our carriage, and we made up our minds that that article would be telegraphed to Grant and Boutwell. I looked right at it, and it made me feel weak in the knees. After you read you would study on it. We made up our minds that if it was laid on Boutwell's desk and on the table of the President, who had never speculated before this time, that they would be almighty weak; and, as I heard some ten or twenty minutes afterward, Mr. Boutwell went over to the Executive Mansion, and when he got back there was a thunder-clap struck us in the shape of a Sub-Treasury order to sell four millions of gold. I would rather take forty millions of the short gold than four of the real stuff. Speyers was meanwhile going it at sixty when the market caved right in. He, Speyers, following what he thought was the right track, kept at one hundred and sixty. I saw him next without either coat or collar. He came right through the rooms saying: 'Mine Got! mine Got! the whole thing is gone up! Mine Got! I have got sixty millions at one hundred and sixty, and it is now one hundred and forty-one!' [Fisk fairly convulsed.] In that time I had got a little disorganized, so that I was not so much interested; and I said to him, 'If you don't know anything better than to be out there buying gold at one hundred and sixty, you had better be out of it.' Speyers started, and by that time it was thirty-three. But Speyers'

voice had failed, and he gave out. When we started home the thing got pretty hot. We thought we would go to a cooler clime. We started up town, and the first thing I saw on a bulletin board was, 'Queer pranks of the crazy brokers,' and so on. We did not know how it was, and of course when we got up town we knew still less. We did not know whether we were going to right or left. There never was any excitement like it. I got very bad by this time, and I said: 'I will step around and see this old villain Corbin, and see what he says about it.' I went into the house, and the old man came down. I will admit that I was pretty mad. When we got inside the door I said: 'This is a pretty piece of business you have set up to wipe us off the face of the earth.' He said he had only just heard it. I should think you might have heard it through the rumbling of the ground, I replied; after giving twenty-five thousand dollars, and drawing you a check for one hundred thousand dollars, and after you had positively assured us that your message to the President, which our messenger took, had fixed the business, to serve us in this way.' 'Well,' said he, 'my boy, how are you? How do you stand? It looks as though we were ruined, and we cannot tell anything—whether we have got it or somebody else has.' I asked him if there was anything in the thing, or if the whole performance was not of his own concoction. He stuck to his position that he had arranged everything not to sell.' This was on Friday about five o'clock. I said to him, 'Now I shall be back about 7.30 o'clock, and something must be

done.' Said he, 'If you think it is best to have all the gold withdrawn from the market, I will go to Washington at 7.30.' I went back and told him I should like to see Mrs. Corbin. I had several interviews with her before this. She came down, and she was precisely of the opinion of Mr. Corbin—that they had either got frightened at Washington, or that Boutwell had sold the gold without consulting the President. Mrs. Grant had written her a letter, in which she said she hoped this gold business would be over as soon as possible; that it made her husband as nervous as possible. I replied that we must get out of it as soon as possible, and that the best thing they could do would be to go to Washington and see what it all meant. Upon that they packed up on Saturday night, and telegraphed that they would breakfast at the Executive Mansion on Sunday morning, and he said that he would be back on Monday morning and let me know the whole story of the thing. Corbin went on his way, and I went mine, and (said Fisk, dramatically) that is about the beginning and the end of the gold panic on the 'black Friday of September 24th.'"

Fisk then added by way of postscript:

"The Committee seemed very anxious to obtain from me whether any government official was connected with the affair. They repeatedly put this question to me: 'Now, Mr. Fisk, will you state to the committee if any government officer was connected with you in the gold transactions in the city of New York?' 'Now,' said I, 'Mr. Chairman of the Committee, I beg

to tell you that I have told you under oath here exactly in what connection I consider the government officers of this country figured with me in that gold transaction.' They were," said Fisk, "evidently trying to get out of me that no government officer was in it. Then they would make up their report that I said so. Every time they asked me the question I said, gentlemen, I have stated to you the precise position in which General Grant stood, which I have derived from Mr. and Mrs. Corbin, and that is all the information you can get. I said to the committee that I had a great desire that they should examine Mrs. Grant and Mrs. Corbin—that I demanded it."

Q. "It was alleged that Butterfield was in direct communication with you.'

Fisk—"He was to this extent: He had about a million and a-half of gold with us. He passed between the offices, and came in four or five times, and each time 'everything was all right.'"

After leaving the committee room Fisk was asked if he did not think the object of the Congressional Committee in calling him to Washington was to learn something of the rings, with a view of starting similar business at the Capital, to which he replied, "No, they have neither the money nor brains." He said he was charged with doing a great many dirty things. It was true, he said, but he had had a great many dirty parties to deal with, and even this was better than driving a peddler's cart. Some of the members of the House took umbrage on Saturday at the admission of Fisk on the floor, and a coterie of them got together for the pur-

to ask him out, but General Garfield, chairman of the Committee on Banking and Currency, represented that Fisk had acted in the most gentlemanly and accommodating manner towards the Committee, and that he was, consequently, due some consideration. The gentlemen, consequently, withdrew their demands.



CHAPTER XXI.

CORBIN AT THE CONFESSIONAL.

On the 27th of January, 1870, Abel Rathbone Corbin appeared before the Committee on Banking and Currency, and was examined under oath as to his participation in the gold manipulations, and testified as follows:

Question by the Chairman. Are you familiar with the course of gold during the month of September last?—A. I do not know how to answer that; I, who never in my life bought or sold gold for speculative purposes. Having always been an active man, and having in my younger years, after I gained my knowledge of the law, gone to St. Louis, where I was persuaded by Colonel Benton to become an editor, I tried to be familiar with everything. So in New York. Although I never buy bank stocks, or gold, or anything of that sort, my attention is ever directed toward them, and the events which took place there in the course

of the summer made me pay considerable attention to gold and the effect that its price was likely to have on the products of this country. To my knowledge, Mr. J. Fisk, Jr., never was in my house in his life until after the break of gold on the 24th of September—never. It is possible that he may have been there on the occasion of the President going to the Boston Jubilee, to see him to the boat. Several gentlemen were there when I was not there, but I do not think that he was. Hence these various reports as to what Mr. Fisk stated to these reporters (and which I cannot think he ever said to them, as some reporters are in the habit of drawing a long bow) must necessarily be false; he never was there on any occasion, with the possible exception I have stated. He never was in my house in his life prior to the 24th of September. As to Mr. Gould, I met him, I think, three or four years ago at Saratoga. I made a general acquaintance with him, and he called occasionally during the summer. I was gone much of the summer. I spent some time in Kaneshville, in the extreme western part of Pennsylvania, and then passed into the mineral region of that State. I went to Long Branch twice during the summer, and spent some time there. I also went to Saratoga. I had been out of politics a good many years, but still a remembrance remained with me; and I was now the more interested, as I had a natural desire for the success of the administration of the brother of my wife, especially during its first year. While at home Mr. Gould used to call at my house occasionally; and as I had heard that he was a Wall street opera-

tor, I always improved the opportunity to talk with him. I took advantage of every occasion to impress upon him what I thought was a vital point—and that was to let the farmers and mechanics and manufacturers have good prices for their productions. I never was in his broker's office nor in the gold-room in my life. I was impressed with the idea that gold should be high if we would have good prices for the crops; and as he was engaged in the management of a railroad which was very much stigmatized, I told him I thought that the true road to popularity lay through the field of usefulness, and I think so now. If the crops brought but low prices we could not ship them with profit. That was enforced again and again, I insisting that gold ought to be high in order to move the crops. Mr. Gould concurred in all that, and gave a good many reasons himself. He talked to me much on the subject of gold. He had one or more interviews with the President. But the President was always hitching a little from him whenever he began to go at all into the policy of the government. The President would talk on general principles, but the moment the conversation led to the subject of what the administration would do, he uniformly became very reticent. The first time that the President came to my house was on Thursday, the 15th of June. The President merely left his family in my house, and left directly for the boat. The President arrived at my house that afternoon from West Point, and left at five o'clock for Boston, to visit the Peace Jubilee. That was Tuesday, the 15th of June. He returned to my

house on Thursday night, June 17th. There were quite a number of gentlemen, almost all of whom were strangers to me. I am not much acquainted with politicians. I think there were some persons from Boston—perhaps the Governor and his staff. I was introduced to several persons, but there was so many strange faces that I do not recall them. The President came back on the 17th, and, with his family, left on the 21st. One thing which attracted the President to my house was that I lived very quiet, and he was comparatively very little troubled with company there. In that time, Mr. Gould may or may not have had interviews with him. I do not recall definitely whether he had or not. The President was there long enough for him to have talked with him many times if he chose; but I believe, without recalling anything special, that there was not much conversation. Very shortly after that I left the city and went to Covington, Kentucky, to visit my father-in-law, and remained there from the 24th of June to the 7th of July. My wife's (and General Grant's) father and mother came back with us. On the 3d of August, General Grant and family came to my house again, accompanied by Mrs. General Comstock. On the 6th of August they all went up to Governor Fish's country house. There was no interview then with anybody. He spent a short time there, and on the 9th he and Governor Fish came back, dined at my house, and left for Washington City, the family remaining at my house. On the 12th of August he came back from Washington, accompanied by General Porter, his private secretary. The

next day, (the 13th,) himself and family, and my wife and myself went out to West Pennsylvania, to Kaneshville, and made quite a trip through Pennsylvania. Here is a memorandum under date of August 19th: "Returned this afternoon from Pennsylvania with General Grant and family, who went on to Newport without stopping at all." When he came back from Pennsylvania, he went direct to the Fall River boat. That was on the 19th of August. On the 2d of September he came to my house to breakfast, and without seeing any one except one gentleman from New Jersey, he started on the 10.30 train for Saratoga Springs to join his family. On Sunday evening, the 6th of September, he left Saratoga Springs for Washington, to see General Rawlins. He did not stop at my house at all, but his family came the next day—Monday. General Grant next came to my house on the 10th of September following, after the funeral of General Rawlins. That night he visited the Mechanics' Fair, I believe, and the next day went with his wife and two children to West Point. Mr. Gould could not have seen him that day. He returned that afternoon, and he possibly might have seen him that night. The next day was Sunday. He dined at A. T. Stewart's, and Mr. Gould could not have seen him there. Monday morning, September 13th, General Grant and family left for Washington, Pennsylvania. It is not likely that in the trip, between the 10th to the 13th, Mr. Gould saw him. It is possible, but not at all likely. From Washington, Pennsylvania, he went directly home. He has not been North since, and that was his last visit to my

house, I think. Instead of his visiting the Mechanics' Fair the first night that he came, it may have been the second night after he came back from West Point, but I think it was the first night.

Q. Do you say that Mr. Gould was not at your house during the President's stay at your house on his way to the Peace Jubilee?—A. No; he could not have had an interview, because the President arrived in the afternoon, and was off the same afternoon, accompanied by some gentlemen, I think from Massachusetts. Possibly Mr. Gould may have been present. But as the President arrived in the afternoon and went to the boat with a crowd at five o'clock, it was practically impossible for any gentleman to have had any private interview with him. There was a crowd there requiring my attention, and I was much occupied. The only probability would be that going on their boat, Mr. Gould may have joined the committee. I do not recollect seeing him at all.

Q. When was the visit of the President to your house on his return from Saratoga?—A. August 3d, General Grant and family arrived with Mrs. General Comstock, on Tuesday. He remained Wednesday and Thursday. He visited the Sub-Treasury—probably his first visit. He staid with me all of Wednesday and Thursday, and I think they went away tolerably early on Friday, the 6th, to Governor Fish's country place. On the 9th, after dinner, the President and Governor Fish left for Washington city. He came back from Washington on the 12th, accompanied by General Porter, Private Secretary.

Q. Have you any memorandum as to the President's movements between the 21st of June and the 3d of August?—A. I have nothing between June 21st and August 3d, except that the President and his family came up from Long Branch on the 22d of July, shopping, and returned by the 4 o'clock boat to Long Branch. I went myself to Saratoga on the 26th of August, and therefore know that President Grant and family arrived at the Springs (after the trip through New England) at 9 o'clock on Saturday night, the 28th of August. On August 30th I returned to New York, accompanying President Grant in a special car. He went immediately on to Washington. I think Governor Fish was with us, though I see no notice of it in my diary. The next Thursday, September 2d, President Grant, accompanied by his Secretary, and General Porter, arrived at my house and took breakfast. After a brief interview with a gentleman from New Jersey, they left by the Hudson River Railroad, on the 10.30 train, for Saratoga Springs, where he had left his family. General Grant left Saratoga Springs for Washington on the night of Sunday, September 5th, to visit General Rawlins, and did not stop at my house.

Q. At one of the President's visits to your house, not far from the time of his visit to Saratoga, did Mr. Gould call upon him at your house?—A. Mr. Gould had an interview, but it would be impossible for me to fix its date. I tax my memory in vain. There is nothing to arrest my attention. There is nothing relative to the date that is marked upon my memory. A notable thing connected with it is this:

that after an interview the General turned and spoke to Patrick—the boy who attends the door—not angrily, (for he rarely shows anger,) but a little peevishly. I do not recall the expression used, but the purport of it was, that he was a little too easy in allowing Mr. Gould to have an interview. Thus indicating annoyance. But the date of that incident, whether June or September, I cannot fix. I remember the fact, because it was such an unusual thing for the President to exhibit impatience. He then turned around to his wife, who sat near by, and remarked, half ejaculatory, that Gould was always trying to find something out of him.

Q. Did you invite Mr. Gould to your house on that occasion?—A. I think not.

Q. Did you ever invite him to your house?—A. It is possible. The word “invitation” is pretty wide. My impression is that I did tell him, specifically, that I desired him to call; that he would not find the President difficult of access, or likely to be unwilling to have a full and free talk on the general subject of the currency and business of the country.

Q. Did he call in consequence of that remark of yours?—A. He may or he may not have done so. Mr. Gould listens well, but quietly selects for himself his times and methods of approach towards men and measures. The President almost always gave separate interviews to gentlemen who called upon him, and I was rarely, if ever, present.

Q. Did you ever hear a conversation between the President and Mr. Gould in relation to public policy? —A. I think not. I may have done so, but I think not.

In talking amid a company it would scarcely be considered a conversation between the President and any one else. I recollect hearing a very long and full conversation at Saratoga between the President and Mr. Stewart—a conversation of several hours, and covering the whole ground; but I recollect no such conversation with Mr. Gould.

Q. Did Mr. Gould come to your house and see the President just previous to the President's going to Washington, Pennsylvania?—A. I do not recollect such an event. You can easily imagine that an old man with the President's family and his own family around, was fully occupied, and whether this gentleman called, or that gentleman, on a given occasion, I cannot say. Mr. Stewart and Governor Fish, and an immense number of gentlemen of more or less prominence in the community, were there. My house was like a tavern; and for me to recollect whether Mr. Gould came at such a time, or at such a time, would be impossible. It would be unjust toward Mr. Gould for me to affirm that he did or did not.

Q. Do you recollect at any of these interviews that the President told you, in the presence of Mr. Gould, that Secretary Boutwell had given an order to sell gold, and that he, being in Washington, saw it, or heard of it, and countermanded the order?—A. No; never. I did not hear a word of that in my life, and I do not believe a word of it. My belief is that the President and Mr. Boutwell have been always in accord. I never heard of any discord between them.

Q. Are we to understand that you do not now recol-

lect having, at any time, appointed an interview between Mr. Gould and the President?—A. I do not, specifically; but I do recollect having said to Mr. Gould, that I desired he would have, and that he should have, every facility to procure such interview; and I may have done so. I should say so, in justice to Mr. Gould. On two or three occasions there were five or six or seven gentlemen present in my library, which is a spacious one, among whom was Mr. Gould; and whether he may have made declarations then, or not, I really do not recollect; other gentlemen may.

Q. Did you ever hear them talk about the movement of the crops in the interest of the country—this theory of yours and Mr. Gould's?—A. I do not recollect; but I have talked it myself much.

Q. Have you heard the President and Mr. Gould talk over these matters—over anything connected with the policy of the government in relation to it?—A. I do not recollect it. Mr. Gould was as full of it as I was, and I feel assured that he did talk of it, but I do not recall that I heard it.

Q. Did you ever hear Mr. Gould and the President talk on the policy of the government in relation to the currency?—A. No, sir.

Q. Or about anything connected with the sale of gold?—A. I heard the President and Mr. Stewart talk it over, but I never heard any other man talk with him about it. That is the only time I ever heard the President speak unreservedly on the subject.

Q. Did you ever hear Mr. Gould talk to the President about it—the President being reserved about it?

—A. I will not say that I did not, because, as I have said before, it is possible; but I really do not recall anything of the kind. Mr. Gould could have talked with him, and did talk with him several times. Mr. Gould was there, I should think two or three times, and there were conversations; but whether they took a financial turn, or otherwise, I do not know. But that he did talk with the President specifically, I know, because of the President's feeling as though Mr. Gould, a sharp and very able man, wanted to pry into the policy of the government.

Q. When the President was at your house, on his way to Pennsylvania, do you recollect Mr. Gould and General Diven, either or both of them, coming to your house and making arrangements for the trip to Pennsylvania, and that, when they were about to depart, yourself saying to Mr. Gould, "Step back a moment;" that he then went back and had a conversation with the President, while General Diven waited for him in the front on the street for perhaps half an hour, at which time you were present and a conversation was had in reference to the policy of the government?—A I do recollect that General Diven did call. He is an acquaintance of mine. General Diven was there. The going out part I do not recollect.

Q. Do you mean us to understand you do not recollect?—A. I do not. I want to add a word of explanation which, I think, will be satisfactory. I do not recall anything of that sort. I certainly told Mr. Gould that I would aid him to procure an interview; and therefore, if I thought there was a chance then, I very likely

may have said, "Mr. Gould, step back and see the President." The President will tell you that I always made a bow and retired, and was not present when he had an interview with anybody. It is very likely that if, at that time, I thought there was a good opportunity for Mr. Gould to have a talk with the President, I may have told him so; but I do not recollect it, and I do not believe that the President, or anybody else, will say that I was present at that interview, if there was one at that time.

Q. Did the President tell you that Mr. Boutwell had given an order to sell gold, and that he, the President, had countermanded it?—A. No, sir. Nor do I believe that there ever was such a transaction.

Q. Did you write a letter to be sent to the President while he was at Washington, Pennsylvania?—A. Yes, sir.

Q. Who carried that letter?—A. One of the messengers of Mr. Gould. He sent a man up, and I wrote a letter to General Porter, saying that this was a messenger bearing a message to the President, and asking him not to detain him, but to let him have an interview at an early and convenient time.

Q. State the conversation which you and Gould had preliminarily to the writing of that letter. State it as fully and concisely as you can.—A. He came to me and said, "I have made an honest effort to maintain the price of gold," and believed that it would be carried over to Christmas, and that his road would be benefited so and so. "And now," said he, "here is

Mr. Boutwell, represented by all of his leading friends in the city as being disposed to crush down the market, to change the policy of the government, and throw a vast amount of gold on the market, and thus bring down its price. This report he does not deny, and his silence causes it to be believed by the operators that there is to be a great thrust of gold on the market." He desired that I should write to the President, and say that it was believed by many that a change in the policy of the government was about to take place. I sat down and wrote a strong letter, and quite a long one, in which I took up all these old theories very much at length—that is, the effect that a change of policy would have ; that it would affect the elections very seriously, and most certainly would affect the prosperity of the country, to cut off even ten per cent. of the value of the crop of the country. I represented that the government should not reverse its policy and arbitrarily interfere to put down the price of gold just as the crops were maturing and nearly ready to be marketed. (This was about the 16th or 17th of September.) I said that all desired to see gold fall, and that it would fall if the government was economical ; if the government collected its revenues and lessened the interest on the public debt by funding it at lower rates. This was, in substance, in the letter ; also, that if we would fund the government bonds at lower rates, and collect the revenues closely, it would ultimately and with certainty reduce the price of gold.

Q. At the time you sent that letter, did or did you not know that Mr. Gould was engaged in speculating

in gold?—A. I knew that he was buying gold. That is, as near as I recollect, the scope and substance of the letter. I kept no copy of it. It was written hastily at night in my own library.

Q. Was Mr. Gould there?—A. I am not certain whether he was present while I was writing it.

Q. What time of night was it?—A. It was on the night of the 16th or 17th of September, and I probably got through with the letter at about nine or ten o'clock.

Q. What did you say in addition?—A. That I believed cheap gold, the desire of the government and of the people, could be attained just as well after the crops were marketed as before that event. I assumed that last year's balance of trade against the country was about one hundred millions, and that if the price of gold was low, the balance of trade against us would be increased; that if, on the contrary gold was high, the balance against us would be lessened, the crops would be marketed at high rates, and that if foreign balances against us were lessened gold would be cheaper. If the crops were sold at low rates the country would be left more in debt both at home and abroad. That was the argument, and I therefore expressed a hope that no violent change in the policy of the government would take place without most careful consideration.

Q. How much gold was Mr. Gould carrying then?—A. I do not know. He never told me. He is not a man to needlessly communicate his affairs. He told me early in September that he had bought largely—

using some such word. He may have used that or some other word; but he said that he was buying, or that he had bought largely. I said to him, "Suppose gold should fall, would not that be very injurious to you?" He said he thought not unless the fall was considerable, because the accruing interest on the gold which he had bought to control the market would make it profitable of itself.

Q. Was there anything said in your letter in relation to Mr. Gould and his purchases of gold?—A. I think not. His name was not mentioned.

Q. Did you allude in the letter to any parties in New York having bought largely of gold?—A. I did not. I can speak positively that I gave expression to no personal interests in the letter. It was simply protesting, on general principles, against a change of governmental policy. I was not insensible to the fact that Mr. Gould applied to me from motives which probably had become largely other than railroad motives. I must take that offence, if it be one, on my own shoulders. But I said nothing of a private character in the letter.

Q. When was that letter delivered by you to the messenger?—A. I think it was early in the morning of the day after it was written. Mr. Gould, I now recollect, could not have read the letter. Mr. Gould came to see me, and I promised to write the letter, telling him I would not go to bed until I had finished it, so that I could hand it next morning to his messenger who was to call for it. Therefore no human eye did, in fact, see it. I think he gave the messenger a

note to me so that I should be certain to deliver it to the right person.

Q. Did you receive any answer to that letter?—

A. No, sir.

Q. Did you receive any message subsequently from any person in reference to the letter?—A. No, sir; and that was the cause of my mortification. It received no more notice than if it had not been written.

Q. Did the messenger never send any word to you?

—A. No. Mr. Gould himself remarked that the messenger had telegraphed that he got there.

Q. Did you after that show any letter to Mr. Gould, received from any member of the President's family?

—A. I did; yes. I should say that that question is not rightfully phrased. I did not "show" any letter; but I read to him so and so.

Q. What did you read to him?—A. Well, I do not know. Let me task my memory. It was a letter written to my wife—written apparently in great distress.

Q. Written by whom?—A. It was written by "Sis."

Q. Whom do you mean by "Sis?"—A. I mean just what I say. That was the signature to the letter. I am so agitated, and I wish the committee would notice I am a little excited, very weak, and very nervous. I am perfectly broken down, and there is but a wreck left. A letter came, as I was saying, signed "Sis." I have no doubt about it; that is the way in which many Western ladies write. They sit down and write a note and sign "In haste, Sis." I never

received a letter from her, and cannot swear to the handwriting of it; but have no doubt of its authorship. This letter came to my wife, evidently written in great haste. I think it was written in such a hurry in consequence of the family being about to leave. The place where it was written was, I believe, not put down. I have not seen the letter for four months. But in the meantime I have no doubt of the fact that the place was not named. The writer then speaks of the distress of the President (making the use of the word "distress") at the rumor which had reached them that the husband of the lady addressed was speculating in Wall street. I think it was written on Monday afternoon; but it is difficult to say. It was post-marked, I think, at Pittsburg; possibly at some place on the road, near Washington, Pennsylvania. It probably was mailed on Tuesday. At any rate, it came to me on Wednesday, September 22d. I was very much excited, and my wife still more so—such rumors were so disgraceful, as she thought. Engaged in buying and selling gold; what a terrible thing! The world is about to come to an end immediately! And yet I never did have a more unhappy day than I had when witnessing the distress which that letter inflicted upon my wife. I must get out instantly—
instantly!

Q. Did the letter say that?—A. No, sir; my wife said it.

Q. Get out of what?—A. I have answered that I was interested—not myself directly; but another being

was, in whom I took a great interest, to wit, my wife.

Q. Your wife said that you must get out instantly?

—A. That I must instantly sell out her interest and retire from Wall street.

Q. State exactly the language of the letter as nearly as you can.—A. In that letter she says: The President was greatly distressed at the rumor that your husband was speculating in Wall street, and hoped he would instantly disconnect himself with anything of that sort. She spoke with such directness and feeling that, while but few words were used, they evidently were upon the assumption that there was something about it so terrible, so disgraceful, that it wonderfully excited my wife, to whom the letter was addressed. When Mr. Gould came in that night, I at once read to him the substance of this letter, which had so agitated my wife; and then it was that I told Mr. Gould at once that I *must* go out of this matter; that it had created a great deal of feeling in my own family, as well as on the part of the President, and that the matter must now end. We were in my library, sitting under one of the chandeliers, in front of the table, so that he might possibly have looked over my shoulder and seen it; but I think him too much of a gentleman to do that. I was looking over it some time, trying to decipher it; it was written in pencil, and my eyesight is dim; it is *possible* he may have seen the handwriting, but not at all likely.

Q. Have you stated the whole substance of the letter?—A. I think so. It appears to me, but I am not

sure of it, that there was a sentence or two about the children. But whatever else there was in the letter was about family matters.

Q. The letter of which we are speaking was signed "Sis," but you have not yet stated whom you understood the letter to be from?—A. I can give you my belief on the subject. I had never seen the handwriting, so I could not by that means identify it as belonging to any particular person; but I have no hesitation in saying that I believe it was from Mrs. Grant. It was so treated by my wife.

Q. Did Mr. Gould ever buy any gold for you, or on your order?—A. Never, in his life. He offered to let me have some of what he then possessed. It was on the 2d of September, 1869. If you will be patient with a nervous old man I will state the matter fully. My first wife had children; I had none. I had been in the habit of buying bonds for her account, on which I made for her handsome sums. I desired to repeat the same practice for my second wife. On the 24th of July, I therefore purchased and deposited in the Bank of America, where I always do my business, two hundred and fifty thousand dollars in bonds, indicating to my wife that she was to have a named share of the profits which I presumed would accrue from the rise in bonds, which I anticipated would take place in consequence of the economy of the government, and for other reasons. I state this to show that my conduct was in accordance with my theory about the appreciation of good securities. Time ran on through July and August, and the tendency, as you

will recollect, was all the time downward, and instead of profits coming in, losses were accruing on the \$250,000 of bonds on which I had told my wife I was going to give her a portion of the profits. I got home from Saratoga on the 30th of August, and Mr. Gould called to see me very soon thereafter. He spoke to me, as he had repeatedly done before, about taking a certain amount of gold owned by him. I finally told Mr. Gould that for the sake of a lady, my wife, I would accept of \$500,000 gold for her benefit, as I shared his confidence that gold would rise. I never gave him an order to buy anything. He said he was the owner of a large amount of gold, and would let me have \$500,000. I told him I never had bought a dollar of gold, and at my time of life I was not going into a gold speculation; but that for the sake of my wife I would for her accept his offer.

Q. Did you accept it as a present?—A. Oh, no; he said he had it, and would let me have it. There was no present about it. I will use his language as near as I can. He said, "I have so-and-so, and I will let you have this amount." "I have a large amount of gold, and I will let you have, at cost price, without charging you any advance, half a million." I replied, "I will accept it for my wife." My understanding was that she took the gold with all its responsibility; that she stood in his shoes, so far as that was concerned. The idea of going into the market and buying gold was something that never entered my mind. The price of the gold, I think, was 132 or 133, I forget which. He afterward insisted that I should take a

million more, and I did so, on the same conditions, for my wife. He then sent me this paper. I desired that the whole matter should throughout be treated confidentially. I told him it would hurt me if it came out, and I did not want it to get out that I was in any way connected with gold. In order that it should not, he responded by sending me this paper, in which he puts down a transaction with his firm and a blank party, thus making the transaction informal, confidential, and dependent upon the honor of the two parties.

The paper is as follows :

SMITH, GOULD, MARTIN & Co., Bankers.

11 Broad Street.

NEW YORK, *September 2, 1869.*

Mr. ———— :

DEAR SIR: We have bought for your account and risk—

500,000 gold, 182, R.

1,000,000 gold, 183½, R.

which we will carry on demand, with the right to use.

SMITH, GOULD, MARTIN & CO.

SIMPSON.

This paper was carried in my pocket for a long time. I had forgotten that I had such a paper. It must have been given me after the second transaction, for the two transactions are stated on the same sheet. So far as the paper was concerned, it being in blank, it was no conveyance to anybody, and consequently of no value; so it passed wholly out of my mind. The whole thing was a matter of honor; he could pay me or not, as he chose. It looked to me to be a mere memorandum of honor.

Q. Did you not keep a bank account?—A. Yes, sir.

Q. Was not this gold entered in your bank-book?—

A. No; I did not even enter it in my own private memorandum-book.

Q. Did you keep no note of it as a private transaction?—A. No; I do not keep books myself. I never kept any memorandum in regard to it.

Q. Did you deposit any money as a margin?—A. No; nor my wife.

Q. Did he ask you to deposit any?—A. No. I never had such a transaction before in my life.

Q. Did you understand it to be a *bona fide* business transaction when you accepted it?—A. Yes; but it is all a mere matter of promise; he gave me nothing to show for it. He simply said, "I will let you have this;" he said nothing about any margin nor consideration.

Q. State what the reason was for Mr. Gould's offering to carry for your wife a million and a half of gold?—A. I can say nothing about that, of course; I can only tell you that Mr. Gould wanted me to do it. He said he was loaded very heavily, and would be very glad to let me have some. At his request, I had written an article for publication, in which I had advocated the upholding of the public credit. I will do Mr. Gould the justice to say that neither he, nor anybody else, so far as I know, ever in their lives proposed to give any money, or stock, or anything else, to operate upon any officer of the government.

Q. Was there any understanding between you and Mr. Gould that if he did you this favor you were to exercise your influence with the President or any offi-

cer of the government to prevent the sale of gold by the Secretary of the Treasury?—A. Never. Never even spoken of.

Q. When was it that you wrote that letter to the President?—A. I think it was on the 17th of September.

Q. When you wrote it you had this interest of a million and a half?—No, sir; on the 6th, I think it was, I told Mr. Gould that gold had gone up to 137, and I should like to have this matter realized. This was two days after the receipt of the paper or memorandum. I said to him I would like to realize on that half million. He had merely said, "I will let you have so and so," but gave me, as I supposed, no legal control over the \$500,000; therefore I said to him, let me realize on that and get the proceeds, and I will be obliged to you. He said, "Certainly, I will do it." Whether he actually sold the gold or not I do not know. I think the amount he reported as coming to my wife was five per cent. of the investment. As the whole matter was confidential, I do not know what he did, only as he reported to me; he brought me a check on the 6th, which I deposited in my bank on the morning of the 7th September. I see by my memorandum that I started that morning for Danbury, Connecticut, in company with the President's wife; I must therefore have gone to bank early to be able to deposit that check that day; I know I added a thousand dollars to it, and made payment with it on a note I owed the bank, \$26,000, on these bonds of the United States which I had purchased for my wife and myself on the 24th of July. I think the check

was drawn payable to Mr. Gould, so that I need not sign it.

Q. Did you enter into this transaction with Mr. Gould on your own motion, or at the request of other parties?—A. It was at the sole request of Mr. Gould himself.

Q. Did your wife at that time know that you had made that transaction?—A. No; I informed her afterward; she had no knowledge of the transaction until I told her what I had done.

Q. State what you did when the letter came requesting you to get out of any speculation you might be engaged in.—A. I was very much distressed about the matter; and told Mr. Gould that this thing must end; I must write; and it must be true that I had not a particle of interest in the business, either direct or indirect; that I must write to the President that night. I told Mr. Gould that as I had no legal claim I was wholly in his power, and he could pay something or nothing, as he chose. Gold was then, as I remarked, 140 or 141. I said, "Mr. Gould, I want you to pay me the full amount of the difference at 141—or whatever the price was—if you will; if you will not do that, I will take three-fourths, or I will take one-half, or I will take a thousand dollars—it depends entirely upon you; I leave it wholly to your honor." Mr. Gould said he was very much concerned; he interpreted that letter to mean that the President was offended; that was the interpretation he placed upon that hasty letter of the lady. "Now," said he, "if I close this transaction, as you suggest, there may be a

breakdown in the market, and will be, if the government should interfere, and how can I afford to pay you?" He seemed very much oppressed, and said to me, "Will you please say nothing until you see me to-morrow morning?" Next morning he came to my house and said, "Mr. Corbin, I cannot give you anything if you will go out." Here we parted—my wife preferring a settlement to the brilliant offer. This was on the morning of the 23d—Thursday. My wife, who had followed me to the head of the stairs, said to me before I met him, "I do not care what is done, but you *must* give that up." And then I did what I think it would have troubled almost any other business man to consent to do—refuse \$100,000 on a rising market. Mr. Gould said, "If you will remain in and take the chances of the market I will give you my check for \$100,000." If I had not been an old man married to a middle-aged woman I should have done it, (of course, with her consent,) just as sure as the offer was made. I said, "Mr. Gould, my wife says, 'No; Ulysses thinks it wrong, and that it ought to end.'" So I gave it up. Mr. Gould stood there for a little while looking very thoughtful—exceedingly thoughtful. He then left—about 10 o'clock—and went into Wall street; and twenty-six hours afterward gold stood at 164. He seemed to have gone into the movement with the desperation of a man who thought that everything was dependent upon instant and energetic action; and my impression is that he it was, and not the government, that broke that market. I know not, but believed his

mind devised the successful upward movement of the 23d and 24th.

Q. What did Mr. Gould say when you refused to take the check?—A. My impression is that he was as much astonished as a man well could be; and he looked at me with a look of severe distrust, as if he was afraid of treachery in the camp. He remarked, "Mr. Corbin, I am undone, if that letter gets out." My response to that was something like this: that when a person sends me a letter saying that he is distressed at rumors at my expense, I am not going to publish it; and therefore, I said, you need not have any anxiety of mind on that account. And I never did read any part of that letter to any man living, except Jay Gould; and whether he named it to any one—even to Mr. Fisk—I do not know.

Q. Did you ever, at any time, either by word or by letter or by message, inform the President or any of the President's family, or any of his officers, clerks, associates, or other persons attached to his official household in Washington, of this transaction between you and Gould?—A. To that question in its broadest sense, I answer "No, never."

Q. Do you know how Mrs. Grant came to hear that you were connected with these speculations?—A. No. She may have seen reports to that effect in the newspapers; the President and Mr. Boutwell, I think, have heard many offensive reports against me; I do not know from what source those offensive rumors flowed.

Q. Your wife never knew of this transaction until it was completed?—A. Not until Mr. Gould had said

to me, as I have stated, "I will let you have it." I never gave an order to buy, but accepted for her what had been bought theretofore.

Q. Was that interview the last of your interviews with Jay Gould before the breakdown?—A. I think it was, but I am not certain. This was on Thursday, the 23d, in the morning after breakfast, and he may have called on Thursday night, but I do not recollect it, and I do not think it is likely. I think he sent round a note on Friday evening to say that he would like to see me at the Erie office, on Twenty-third street. At that interview not much was said. Mr. Gould looked very sedate. There appeared to be in his room a considerable number of persons, and instead of going in he took me to a small room adjacent, where we could have a few words. But little was said. I thought he was depressed—quite depressed; but still it is difficult to read a man reticent as he.

Q. State particularly what he said about the transactions of the day.—A. I think he described no particular transaction. He thought the gold market was broken down; that it was entirely prostrate; that the whole thing was at an end. The whole of his gold operations, whatever their extent.

Q. Why did he send for you?—A. I have no particular idea; I think he had learned to look upon me as a man of sense in such matters, and as truly friendly to him. He was very much in the habit of coming to my library and talking with me, with confidence and respect; and I think I was entitled to both, for I never trifled with him; and when a great calamity came upon

him he sent for me, as he would for any other respectable citizen whom he visited frequently. He looked sorrowful, and I think he felt so. Toward the close of the interview, which was short, Mr. Fisk came into the room, and I think he said that his sister, or his sister's son, was ruined, and made a few general declarations relative to his losses, which I recollect to have thought very severe. That was on Friday night. Mr. Fisk remarked, speaking of the extent of ruin to himself personally, that Governor Boutwell sent about noon a dispatch, and had thrown gold upon the market, and that the market had gone right down. There was not a word or thought of complaint against me by either of them; no series of words contained a word reflecting on me. On Saturday Mr. Gould requested me to come around to the Erie office——

Q. Before you proceed to Saturday let me ask you as to this Friday's interview; whether anything was said about your transaction for a million and a half of dollars?—A. Not a breath.

Q. Did not Mr. Fisk come up to your house on Friday?—A. No, sir; I think not. I think that the first talk that I ever had with Mr. Fisk upon money matters was when he came into the side room where I was with Mr. Gould.

Q. I want you to follow Gould, and not to take in Fisk in your narrative, except where he comes in with Gould?—A. I think it would be as difficult to separate them in this matter of Saturday's interview as it would be to divorce the Siamese twins.

Q. When did you first see J. Fisk?—A. I do not

know; perhaps at the Fifth Avenue Theatre. When General Grant was at my house we went round to that theatre by invitation one night, and I think that was the time that I was first introduced to Mr. Fisk; that is my first recollection of meeting him; the first time he made any impression upon me.

Q. Were you ever introduced to him by a man named Catherwood?—A. It may have been he who introduced me. Mr. Fisk was one of the owners of the Fifth Avenue Theatre, and was there. I do not think Mr. Catherwood was there. If Mr. Fisk was introduced to me by him, it probably was upon a later occasion.

Q. Previously to the day of the breakdown did Mr. Fisk bring a letter of introduction to you from Mr. Gould or anybody else?—A. No, sir.

Q. Did Mr. Fisk ever call upon you at your house previously to the breakdown Friday?—A. Never. I swear it with absolute fulness, that I had no conversation upon financial matters with him, in any shape, prior to the breakdown.

Q. Let me read some words to you for your assent or dissent, (reading Mr. Fisk's testimony as to his going to see Mr. Corbin with a letter of introduction from Mr. Gould.) Does that statement represent the truth?—A. It does not, in any form.

Q. Does that statement represent any truth?—A. None whatever; it is absolutely untrue; it is all coined.

Q. Did any such interview as that between yourself and J. Fisk, Jr., ever occur?—A. Never; before nor

after the breakdown; nothing of the sort. It is impossible for it to be true.

Q. Did you ever tell Mr. J. Fisk, Jr., that Mrs. Grant had any interest in any gold or stocks purchased through you, or by any other person in connection with you?—A. No; in no form. I never told him anything of the sort; and he knows it. On Saturday, the 25th, I told him the reverse.

Q. Or that anything was ever purchased through you, or in connection with you, for General Porter?—A. Never. I never had a transaction with General Porter in any form to the amount of a dollar.

Q. Did anything of the kind I have described occur on Monday or Tuesday night previous to the breakdown, or on Sunday?—A. At no time. Mr. Fisk never was in my house in his life until after the breakdown, so far as I know, ever heard, or believe.

Q. State whether you had ever bought any gold or stocks for Mrs. Grant or any of the family of the President?—A. Never in my life have I bought a dollar, directly or indirectly, for Mrs. Grant or any member of that household.

Q. Do you know of any gold being purchased for Mrs. Grant by anybody?—A. No, sir; I do not.

Q. She had no interest, directly or indirectly, in that matter?—A. No interest, directly or indirectly.

Q. Did you ever tell anybody at any time that she had?—A. Never. I had never heard of such a transaction, and therefore never even thought of making such a statement.

Q. What did you do with that \$25,000 that Mr.

Would paid you?—A. The check was dateh on the 6th of September, and was brought to me on the evening of the 6th. Next morning I went to the Bank of America and deposited it, and here is the entry of the deposit in my bank book. The entry says "September 7th, \$25,000," with the letter "W," being the initial of the receiving teller, Mr. Watson. On that same day I drew a check in favor of the bank, which I now present to the committee.

Witness presented the original check, of which the following is a copy ;

NEW YORK, *September 7, 1869.*

\$26,000.

BANK OF AMERICA :—Pay to Bank of America twenty-six thousand dollars.

A. R. CORBIN.

Witness also produced a statement rendered to him by the Bank of America of his account with that bank.

Q. Then this check for \$26,000 was applied to an indebtedness which originated as early as July 24th, 1869?—Yes, sir.

Q. You paid no money since to any person on that account?—A. No, sir ; not a dollar or a cent.

Q. To any human being?—A. To no human being.

Q. You are under no obligation or promise to pay any human being?—A. Not even an intimation of any kind. I state that in the broadest and most unqualified way.

Q. For whose account was that purchase of bonds, mentioned in that bank statement?—A. That purchase of \$245,000 United States bonds was made on the 24th of July, on account of myself and my wife. No person but myself and my wife had an interest therein.

Q. Did Mr. J. Fisk, Jr., call at your house on Thursday morning, the morning before the breakdown?—A. No, sir.

Q. Did he meet you anywhere on that morning?—A. I do not know, but believe he did not.

Q. Can you swear with positive certainty that Mr Fisk did not call upon you between the two interviews with Mr. Gould?—A. I can. Mr. Gould was there in the night of Wednesday and came back in the morning of Thursday, before I went out, and there was no opportunity for Mr. Fisk to come in the meantime, unless he came at an unusual hour, that no one would be likely to forget.

Q. Let me read to you a statement of Mr. Fisk's, (reading from Mr. Fisk's testimony as to an interview with Mr. Corbin on Thursday evening before the breakdown;) did that interview take place according to the statement I have read?—A. No, sir.

Q. On Thursday morning before the breakdown?—A. At no time.

Q. On Wednesday evening before the breakdown?—A. I have answered no, and repeat the answer.

Q. Did the interview, as there described, or any such interview, take place before the breakdown?—A. No, sir.

Q. At any time before the breakdown on Friday, did J. Fisk, Jr., call at your house and have an interview with yourself and your wife?—A. Never.

Q. Before that time, did J. Fisk, Jr., ever say to you that he wanted to see your wife on the subject?—A. Never.

Q. Previously to the breakdown, did you at any time or place say to Mr. Fisk that you wanted him to see your wife?—A. No, sir; never. I never thought of such a thing.

Q. Do you on your oath swear that the statement which I have read is a false statement?—A. I say there is no truth in it, and therefore it is false.

Q. Did Mr. J. Fisk, Jr., call at your house on the day or on the evening of Friday?—A. I think not, without being certain. I was at the Erie office Friday night.

Q. Did you meet Mr. Fisk anywhere on Friday or on Friday evening; and if so, where?—A. I saw him in that little room where I had the conversation with Mr. Gould, in the Erie office. Mr. Fisk came in toward the close of the conversation and spoke of the ruin of his sister, or of his sister's son, I forget which, and the great loss which he and relatives had sustained. He came in there incidentally, and half apologized for the intrusion. I never had had any transaction with him. That was the first time he appeared on the stage to even *talk* about gold.

Q. Let me read this statement to you, (reading from Mr. Fisk's testimony as to his return from Wall street on Friday afternoon, and his visit to Corbin's house;)

is that statement generally true?—A. No, sir; there is no truth in it.

Q. Did no such interview take place between yourself and Mr. Fisk, at your house, at any time on Friday, the day of the breakdown?—A. No, sir.

Q. Did any interview whatever take place between you and him?—A. To the best of my recollection he was not in my house that day or night.

Q. Where were you Friday?—A. On Friday I was over in New Jersey. I did business with my agent there, and I did business at the city hall in Hudson county, New Jersey. When I came home, I received a note from Mr. Gould, requesting me to go to the Erie office. It was late in the afternoon, for I recollect buying a copy of an evening paper when I was crossing over from Jersey City, and reading an account of the breakdown in gold. That was the first account of it which I obtained.

Q. You have testified that you saw Mr. Fisk that evening at the Erie office; did any conversation between yourself and Mr. Fisk occur; anything like what I have read to you?—A. Oh, not at all; everything was polite and gentlemanly.

Q. Did Mr. Fisk say to you upon that occasion that you were the cause, or in part the cause, of the breakdown?—A. No, sir. There was not a particle of reproach in any form.

Q. Did he reproach you in any way with your part in the transaction?—A. Oh, no. Not a word. I thought him worried with a *then* belief that he had sustained losses.

Q. Did he in any way allege that you were at fault in the transaction?—A. No; neither he nor Mr. Gould.

Q. Was your wife present at the interview in the Erie Railroad office?—A. No, sir; that was no place for a lady; it was a public business office.

Q. Did such an interview as here described occur at your house on Saturday the day after the break?—A. No, sir; nor at any other time.

Q. Did you have any interview either with Fisk or Gould on that Saturday?—A. Yes, sir.

Q. Where did it occur?—A. At the Erie office on Twenty-third street.

Q. At about what hour?—A. I think it was sometime in the afternoon of the day.

Q. Who was present at that interview?—A. Mr. Fisk and Mr. Gould. For a few minutes Mr. Fisk was alone, but Mr. Gould soon came in.

Q. Were any other persons present at that interview besides Fisk and Gould?—A. No, sir.

Q. No other human being known to you was present?—A. No other human being, it being wholly confidential; once or twice some one came to the door on matters of business, and the conversation then ceased until the person left and the door was again closed. Mr. Fisk was there when I went in. I asked him how Mr. Gould felt after the great calamity the day before. He remarked: "Oh, he has no courage at all. He has sunk right down. There is nothing left of him but a heap of clothes and a pair of eyes." Pretty soon Mr. Gould came in, and Fisk began to work him-

self up into a state of excitement. I could not at first penetrate his object. After a little conversation, Mr. Gould came in. Mr. Gould throughout behaved with manliness and character; Mr. Fisk began to tell again, as the night before, of the ruin of his sister or his sister's son, and that he was going now to have a general reckoning—going to have everybody come up and settle. After expressing himself very freely, and very loudly, and with great strength of voice, and wonderful gesticulation, he went on to say he had determined that Butterfield should pay so and so, and had sent a man after him, and all that; and he was going to do this, and do that. He was very declarative. Speaking of General Butterfield, he said that if he did not come right up and settle, he was going to sell him out. He spoke that, as I began to suspect, as a kind of preface to approaching me; and then, for the first time, I heard of Mrs. Grant in connection with gold operations, and I instantly supposed that an attempt was to be made to make me shell out some of what he supposed my superfluities to protect the character of the family of my brother-in-law. He began to say: "How is this, how is this? I have been deceived by somebody!" "Not by me," said I, "for you and I never exchanged a word on this subject. You have not been deceived by me!" "Well," said he, "if we had not had confidence in you, do you suppose we would have gone on?" "I do not make any supposition about it," said I, "only that I never attempted to inspire you with confidence," and so on, interspersed with some sharp passages. Among other things he

said: "Where is that \$100,000 that Gould gave you?" I turned upon him and said: "Mr. Gould never gave me \$100,000, and he will tell you so." Mr. Gould, showing a good deal of excitement, said: "That is accounted for." "Accounted for or not accounted for," said I, "I never have even seen any \$100,000." "Well," said Mr. Fisk, "where is the \$25,000 for Mrs. Grant?" "Stop that," said I, "Mrs. Grant's name never has been mentioned in that connection by any human being, and you shall not mention it. It is as false as anything can be, and it is not to be named to me." Mr. Gould sat there perfectly quiet. I should have lost my self-possession had the subject been pursued. The interview lasted for about an hour, and perhaps longer, and ended with quieting down all around. Mr. Fisk, towards the close of it, made a suggestion which I thought was a sensible one. He said that the bears had been buying very extensively within the last two or three days at 140, 145, 150 and 155, while the bulls had been also buying at yet higher rates; that the market was broken; and that, if Secretary Boutwell would advertise on Monday that he would not sell any gold until November, they could go around on Sunday and see the principal operators of both parties, and agree upon a settling price for gold, and thereby save large losses to all concerned. That struck me as very sensible, and I said: "Very well. I think the government will do that." I did not know, of course, that it would. I was quite unwell and had been unwell for several days, and it was a serious thing for an old man to make a night journey

of 250 miles; but I told them I would undertake it. Mr. Fisk made what I believe to have been his first appearance at my house. So anxious were they that I should start for Washington that night, that they came around to my house some little time before the hour for starting. My wife, as I was ill, said she would go with me to Washington; and coming down to the library with me, saw Messrs. Fisk and Gould; but there was no conversation except what was entirely polite and kind in tone and temper. There was no special conversation about gold, only that Mr. Fisk said: "You telegraph us to-morrow if the government will forbear; and anything you say we will act upon, for we have perfect confidence in you."

Q. In the conversation in the Erie office which you have detailed, was the subject of your investment, or of Gould's investment for you, discussed?—A. Only in the way I have named, mere general denunciation. We were all angry except Mr. Gould; he was perfectly cool.

Q. Was the million and a half of gold which Mr. Gould had bought for you specifically discussed that evening?—A. Not at all.

Q. Were there any propositions to settle?—A. Not at all.

Q. On your part or their part?—A. Not at all. That had been settled by Mr. Gould and myself on Thursday morning.

Q. How was the interview at the Erie Railroad office brought about?—A. I was sent for by Mr. Gould. Mr. Fisk never sent for me.

Q. Was anything said at the Erie office about Mr. Boutwell acting in violation of the strict orders not to sell gold?—A. I think not.

Q. What was said about the Secretary of the Treasury there?—A. I do not recollect that his name was mentioned at all at that interview; yet it may have been.

Q. Was anything said about Boutwell acting in connection with the bears?—A. They firmly believed that he was acting in connection with the bears, and may have said so on that occasion, but I think not.

Q. Did they say anything about it in that interview?—A. Not at that interview, I think, but they (that is, Mr. Gould) firmly believed he was with the bears.

Q. Did they mention any of the bears by name?—A. I guess not. I know Mr. Gould used to say that the bears had sent on Frank Howe to Massachusetts to indoctrinate the Secretary on his way from Massachusetts to New York.

Q. Was any other name mentioned in connection with bearing gold?—A. Very likely, but I do not recollect.

Q. Was there anything more specific said on that occasion about Butterfield?—A. Yes. Mr. Fisk said that he had written a note to General Butterfield to come up and settle or he would sell him out.

Q. Did they mention to you any transaction which they had with Butterfield in that business?—A. No. Mr. Fisk said they sent for him to settle or they would

sell him out. I told them at once: "If Butterfield has made a contract with you I certainly think he will do the honorable thing; do not push; see him."

Q. Did Mr. Fisk charge you in that interview with having deceived them in having led them to believe that you knew the intentions of the President?—A. No, sir. I had never claimed to possess them.

Q. Was any reference made during that interview to the letter sent by you to the President?—A. No, sir.

Q. At what time did Fisk and Gould come to your house on Saturday evening?—A. Just before we started. We started at 8.30 or 9.30. They merely came, so far as I recall the occasion, to see that I would go off, and to enjoin me to telegraph the result promptly. I do not recollect anything special at that interview. They were shown into the library. There was very little conversation. I think that the great point was that I should be sure to telegraph, so that they might have a chance to go about on Sunday and arrange with operators of the two parties as to a settling price for gold. I think Mr. Gould gave me the number of his house in Fifth avenue, so that a message would be sure to reach him, whether the government would give the pledge that it would not offer any gold before November. I think the great point was to make sure that I should not forget to telegraph early in the day, as time was important.

Q. Who managed the conversation on their side, Fisk or Gould?—A. I do not know; I think Mr. Gould made the remarks about his address

Q. Did either of them upbraid you with your part in that transaction?—A. Not the slightest.

Q. Did either of those gentlemen request to see Mrs. Corbin?—A. Neither.

Q. Did Mrs. Corbin come in while the interview was in progress?—A. No; she came down with me. She came from my chamber with me to the library.

Q. Did either of those gentlemen ask any questions of Mrs. Corbin concerning the transaction?—A. I think not. I have no special recollection, but I think not.

Q. Did Mrs. Corbin make any statement to them concerning the transaction?—A. None.

Q. Were you present all the time that they were in the library?—A. I think so; the interview was but a brief one.

Q. Do you recollect anything that Mrs. Corbin said on this occasion touching these transactions?—A. I do not recollect her saying a word about them.

Q. How long do you think they were in your house?—A. They may have been five or ten minutes.

Q. Did they leave before you and Mrs. Corbin left for Washington?—A. Yes; they went right off.

Q. Was there any agreement made as to the mode by which you were to telegraph, whether by cipher or otherwise?—A. Not by cipher. I do not recollect anything as being very peculiar in regard to it. I was to telegraph the assent of the government, if obtained, to Mr. Gould at his house in Fifth avenue, at as early an hour in the day as possible, to say whether they could rely on the government that there would

be an announcement in the newspapers next morning that no more gold would be sold by the government till November.

Q. And you proposed to send a dispatch of that kind through the telegraph without concealment, in that open language?—A. Of course, because the information was good for nothing, unless both bulls and bears agreed to fix a certain price for gold.

Q. A telegraph of that kind would be known to all the world.—A. That was the very object of my journey, to have the matter made public, so as to enable both sides to settle.

Q. Your telegraph was to have been sent on Sunday?—A. Of course; for unless there was time to fix it that day, it would be impossible to have an agreement between the bulls and bears before the business hours on Monday. The object was to have it in all the papers by daylight on Monday morning. A private dispatch could do nothing. But if Mr. Boutwell would send his advertisement that he was not going to sell any gold until November, they could go to the leading operators and could agree upon some price at which gold sales should be settled. I thought that the idea did credit to them. Mr. Fisk started the idea first.

Q. In that interview which you had with Fisk or Gould, or either of them, either on Saturday afternoon or Saturday night, did they pretend to represent anybody's interest other than their own?—A. Oh, no; neither of them. Mr. Fisk sometimes said "we," as though he wanted to ring me in. Mr. Gould never,

then, or before, or after, proposed to identify me with him.

Q. I am talking now about any parties who may have gone into an arrangement of that sort to have the administration influenced in reference to its course of policy.—A. I have no knowledge of any one attempting to influence the administration.

Q. You were coming to Washington for that purpose?—A. I merely came to Washington to present the facts.

Q. Did anybody else besides Fisk and Gould consult with you as to any suggestion that should be made here at Washington?—A. Oh, no.

Q. It was then just a matter between you three?—A. Entirely.

Q. Neither they nor you represented any board of bankers, or brokers, or moneyed association?—A. No.

Q. Do you recollect Mr. Charles W. Pollard calling at your house on Saturday morning?—A. I do not. He may have done so. I received many messages requesting me to go to the Erie office.

Q. Do you recollect whether he came with Mr. Fisk to your house on Saturday morning?—A. I do not. I doubt whether Mr. Fisk was there on Saturday morning.

Q. At that interview, previous to your departure for Washington, how did you consider your relations with Mr. Gould in that business matter? Did you consider yourself as still bound?—A. No, sir; I had closed up the matter Thursday morning.

Q. But you had not closed up?—A. Yes, that was all settled on Thursday morning before Mr. Gould left

my house, and I so wrote to General Grant. If I had cared to remain in, I should have received from Mr. Gould the \$100,000.

Q. Then what was your object in going to Washington?—A. I was actuated by a spirit of kindness to them, and a desire to diminish the losses of the community.

Q. When did you arrive in Washington?—A. On the morning of Sunday.

Q. Did you call upon the President of the United States?—A. Yes, sir.

Q. State the substance of the interview between yourself and the President in reference to the business on which you went.—A. On that topic the conversation was extremely brief. I merely stated to the President that it was believed that, if the Treasury Department would announce the next morning—and allow it to be telegraphed to-day—that the Treasury would not interfere with the market by the sale of gold beyond the ordinary course of proceedings until the 1st of November, it would be of great benefit both to the bulls and bears in settling up, and that it was, therefore, desired that such course might be taken. The President said at once: "This matter has been concluded, and I cannot open up nor consider the subject;" and he dropped it directly there without giving any reason.

Q. Did you say anything more on the subject?—A. No, sir; I made no other points than that.

Q. Did the President say anything further on the topic?—A. No, he said nothing himself, nor did he

afford me an opportunity to talk at all upon the subject. When I got to New York next morning I learned that the sales of government gold were to go on, settlement or no settlement.

Q. Was anybody present at that interview besides yourself and the President?—A. His wife, and her father and children, may have been sitting there; it was in the parlor; others may also have been there, but I do not recollect any one.

Q. Did any other person take any part in the conversation on that topic besides yourself and the President?—A. No, sir; I think not. It was exceedingly short and definite.

Q. When did you return to New York?—A. The same Sunday night.

Q. Did you report by telegraph to Mr. Gould, according to agreement?—A. I did not telegraph to any one. I was to telegraph in case the government would assent to the plan.

Q. You sent no dispatch to Mr. Gould or to Mr. Fisk, or to anybody connected with them?—A. No, sir.

Q. On your return to New York, did you visit Mr. Gould or Mr. Fisk on the subject?—A. No, sir.

Q. Did you see them on the subject?—A. No, sir.

Q. Did they visit you on the subject?—A. Possibly Mr. Gould came round on Monday, Tuesday, or Wednesday; but I think not. I had taken a violent cold during those two rainy nights, and was seriously ill. They knew, from my failure to telegraph, that the plan had failed—were too busy to pay idle visits.

Q. In your interview with the President on Sunday, did you inform him that you had an interest in gold?

—A. I said nothing about it. I wasn't proud of it, I had written to him on Thursday, and my wife had written to him on Thursday night, enclosing mine, saying that I had no interest in gold. The President said to me: "I got your letter yesterday, and you cannot imagine how much relieved I felt, after the reports that were made that you were engaged in gold speculations, to know that you were not engaged in that disgraceful speculation." Well, that exonerated me a little further than I had asked for; but I did not feel called upon to enter into an explanation of a matter personal to myself.

Q. What response did you make to that remark of the President?—A. I had nothing to say.

Q. You did not undeceive the President in his opinion that you were entirely out of the speculation?—

A. No, sir; I didn't say that I never *had* been in it, but that I *have* no interest. I said nothing of the past.

Q. Had the President anything to say in reference to his change of mind as to the public policy in regard to gold?—A. I never heard him say anything about the contraction or expansion of gold. He is a man who will sit and listen, but rarely expresses opinions. The most I have ever heard him say on that subject was to Mr. A. T. Stewart.

Q. You went there—out of no selfish motive?—A. Not at all; I had no money object to achieve.

Q. When you got back to New York, did you have

any verbal communication with Mr. Fisk in reference to the business?—A. No, sir.

Q. Did you have any verbal communication with Mr. Gould on your return?—A. I believe I had; and if so, it was not of a business character, but merely an informal account of the trip. He came round to my house, I think, two or three days afterward, and I told him, as he already knew, by not getting a dispatch from me, that an adverse result was reached. I merely related the fact that I had failed, and alluded to the physical sufferings which I had endured during those uncomfortable nights. Beyond the mere casual mention of the results, I recollect nothing else of interest.

Q. Did you have any written communication with Mr. Fisk concerning that visit?—A. I think not; I recollect nothing.

Q. Did you have any with Mr. Gould?—A. I think not.

Q. Did you, after you returned, send a messenger to Mr. Fisk, conveying any information?—A. I do not recollect doing so; but it is possible I may have told some one to go down and tell him my object had failed.

Q. Did you send a message to Mr. Gould giving him information?—A. I think not, but still I may have done so.

Q. Did you send a dispatch to both or either of them?—A. I did not.

Q. Have you had any communication with any other person in regard to that visit?—A. I never had

any communication with any other person prior to the President's refusal to consider the plan.

Q. What have been your relations to Fisk and Gould since your visit to Washington?—A. There never was an unkind word between Mr. Jay Gould and me, and the last time I saw Mr. Fisk his conduct toward me was perfectly polite, respectful, and gentlemanly. I do not know why they should be otherwise than friendly to me, as I have always acted justly toward them, and treated them with kindness and courtesy.

Q. I understood you to say that you wrote an article which was subsequently published in the *New York Times*: what time was that?—A. I do not recollect; it was some time in the summer.

Q. At whose instance did you write that article?—A. Mr. Jay Gould.

Q. Did you or Mr. Jay Gould look the article over after it was written?—A. I undoubtedly carefully looked over the article after it was written, and possibly may have read it to him; its publication was left to him.

Q. Did you and he consult with each other as to the points that ought to be made in such an article?—A. Oh, no; one day after travelling over the subjects treated in the article, Mr. Gould said to me that it would be admirable if I would prepare an article setting forth the views I had just expressed to him. I said very well, I will submit to the labor of writing one, and I did. I handed it to him and he had it published in the *New York Times*.

Q. Was that before or after you had been asked by Mr. Gould to take part in the purchase of gold?—A. It must have been a good while before it; I think it must have been in July or August.

Q. Are you acquainted with General Butterfield?—A. I am.

Q. How long have you known him?—A. Ten or fifteen years.

Q. Did you meet General Butterfield during the months of August or September last?—A. I met him occasionally, but not often.

Q. Did you have any conversation with General Butterfield on the general financial policy of which you have spoken?—A. Not much, if any. I do not know that I can swear that I really talked with him at all on that subject; still I may have done so.

Q. Did you ever have a conversation with Mr. Gould in reference to General Butterfield?—A. Mr. Gould wished to have Mr. Catherwood appointed the Assistant Treasurer, and I frankly told him and Mr. Catherwood that I could not recommend it. I also very frankly told him that General Butterfield was a friend, and that I should like to see him appointed, and I told General Butterfield that I would recommend him for Assistant Treasurer; but after thinking it over, I, at a latter day, withdrew my promise, and gave no letter of recommendation. I thought upon reflection that that was an office so exceedingly important that the members of Congress, and the party organizations, and the leading business men should be consulted about it exclusively. Hence, I concluded to recommend no man

to any important office in New York, and I have recommended no one whatever.

Q. Did you ever have any communication with General Butterfield in reference to the sale of Government gold?—A. I think not, unless in very general terms.

Q. Were you ever requested by any person to see General Butterfield in regard to the course of gold, or the purchase and sales of gold?—A. Oh, no; never.

Q. Do you know of any officer of the government of the United States, or any connection with the families or subordinate or employe of any officer of the government, ever having any interest in, or any part in, any transaction in gold in the month of September, either directly or indirectly?—A. No, sir; in no form, directly or indirectly, through any employe or in any other form.

Q. Was any portion of this gold that Mr. Gould was carrying for you intended for General Porter?—A. Oh, no; I have not the slightest idea that General Porter, in any form or manner, had any interest in any such transactions.

Q. Have you ever exchanged any word with the President of the United States or any of his family, before your interview on the Sunday you have spoken about, as to financial matters or your gold business or stock speculations?—A. Never; only I may, at some time, have said I owned bonds.

Q. Do you mean that the committee shall understand that the only influence and the only consideration of your writing this letter to the President when

he was at Washington, Pennsylvania, was to carry the elections and help the country, or did your letter to the President refer to the elections in so many words?—A. I believe the course I recommended would be for the best good of the country, and also for the political good of the party.

Q. You say you have not seen that letter which was written, called the “Sis” letter, for four months; where is it now?—A. It does not exist; it was destroyed at once by my wife.

Q. Why?—A. She was angry because I read it to Mr. Gould.

Q. Have you since yesterday corrected your memory as to the means by which the President learned of your speculations?—A. How it came to his knowledge, or who were tattling against me, I have now no knowledge. Whether it was by the anxious operators to head off Mr. Gould on the street, or personal spite, I cannot say. There are always men enough to convey such ill news among friends. He may have learned the gossip from the newspapers.

Q. Did you ever buy any gold or stocks for any person in any way connected with the government or their households; if so, when, how much, and what?—A. No.

Q. Or intend to buy any?—A. For my *intentions* I am responsible to Almighty God, and not to a member of Congress. I never did it; that is enough.

The Committee at this point directed the witness to retire, and, after consultation, ordered the following question to be propounded:

Have you had any conversation with any officer of the government or with any of his household in reference to the purchase of gold or stocks, or your design of so purchasing; and if so, what?

Witness having been again called in, stated that if he had said anything disrespectful to the Committee, or any member of it, he desired to apologize for it; that he did not wish to say anything indicating a want of entire respect for the dignity and character of the Committee.

The question directed by the Committee to be propounded to the witness was then put to him.

WITNESS—When my toes are tread upon, and the character of others are at stake. I at once accept the issue. I ask for the reading of the resolution authorizing the Committee to make this investigation.

(The resolution was read by the Clerk of the Committee.)

WITNESS—Mr. Chairman, I respectfully ask what this resolution has to do with the conversation I have mentioned informally? What has a little *intended* gift in stocks last summer to do with the fluctuations of the gold market in September? Am I compelled to develop a proposition in regard to stocks, made in the summer, and which was declined, in an investigation in reference to the gold fluctuations late in September?

(The chairman stated that the committee considered the question a proper one, and directed its answer.)

WITNESS—In relation to gold, I answer no; in rela-

tion to stocks, I appeal to the committee whether I ought to answer the question?

(Witness was again directed to answer the question.)

A. Then my answer is, as I have already stated, that I purchased on the 24th of July two hundred and fifty thousand dollars in bonds, and paid for them by a note in bank; after which, I offered to let Mrs. Grant come in for one-half, which was declined. She did not accept the proposition.

Q. Have you answered the question completely?

A. I think so.

Q. At what time did you tell Mrs. Grant that she could have an interest in this purchase, and at what time did she decline?—A. The conversation was probably within one or two days after the purchase.

Q. Had she had any conversation with you in reference to it previous to the time of the purchase?

A. No, sir?

Q. Was she in any manner a party to the purchase?

—A. No, sir; she knew nothing of it until it was summated.

Q. Then, as I understand, it was simply an offer upon your part to give her a portion of these bonds, and an instant refusal upon her part to accept it?

A. Yes, sir; that was it.

Q. Did you expect, when you made this proposition to Mrs. Grant, that she would pay her portion of the margin, or did you expect, if she accepted it, she would not pay anything, but that you would simply give her the profits?—A. The latter, if there were any profits.

Q. Had you any funds of hers in your hands for investment?—A. No, sir.

Q. What was your design in making this tender to the wife of the President?—A. My desire was to please her. She was my sister-in-law.

Q. Do you say on oath that no other design was in your mind?—A. I do. This was on the 24th of July, remember.

Q. It had no reference to any influence on the government, or expected to be exerted in reference to your speculations?—A. No, sir; I had no speculations then.

Q. Have you any knowledge that the President was aware of your proposition to Mrs. Grant?—A. I have not. I think he was not.

Q. You stated that you lost upon the stocks you bought; did anybody share that loss?—A. No one was interested but my wife with me. The loss was a little over nineteen thousand dollars on a purchase of two hundred and fifty thousand.

Q. Did you not deceive the President in respect to your being in gold speculations?—A. No, sir.

Q. Was not your letter written with a view or intent to deceive him in that regard?—A. No, sir.

Q. Was not the letter intended to assure him that you were out of these speculations when you had so recently been in them?—A. My intention was to assure him that I was out, and I told him the truth.

Q. How did these losses occur on the bonds?—A. By the fall of prices.

Q. Was not your understanding that Mr. Gould's

proposition to advance gold primarily would at the same time advance the currency price of these bonds you were carrying?—A. I am not sure how that would be. The price of gold is now 20. The bonds of 1867 which I purchased are now, I think, at 114. I am not sure of the exact price. When gold was 14⁰, bonds were at 134, which is \$20 higher than 114, the present price. I think there has been sometimes quite a contrast in the movement of gold and bonds. Not being a dealer I cannot point out the true connection between the two.

Q. Have you ever paid any money, or given any present, directly or indirectly, to any one, either as profits of gold speculations or in consideration of stock sales?—A. Never.

Q. At the time Mr. Gould offered half a million of gold at the price he paid for it, how much was the profit up to that time?—A. I don't know. I suppose the price he charged me was the market price at that time. An examination of the market prices will show.

Q. Do you know whether Mrs. Corbin ever informed the President or his wife of the interest you had given her in bonds or in gold?—A. I presume not. I do not know it if she did.

Q. Have you stated fully the amount of your interest in government bonds at the time of the panic, or shortly preceding the panic?—A. I have excepted those I hold regularly as a permanent investment, and I had sold a few bonds out of this two hundred and fifty thousand. I should think I had probably two hundred thousand, or a little more, at the time of the panic.

Q. To whom did you give the article for the newspaper which you wrote?—A. I did not give it to any one; I handed an article to Mr. Gould, and he selected the paper. It was wholly confidential. I did not wish it to have any influence other than the merits of the article entitled it to; it was to be strictly anonymous.

Q. Did you ever state to any one that Fisk or Gould had never been in your house since the President was there, about the time of the Peace Jubilee in Boston?—A. I stated distinctly to a reporter, as I have said to this committee, that Mr. Fisk was never in my house prior to September 24th. I did not state that in regard to Mr. Gould. I do not think the papers ever accused me of saying that of both gentlemen.

Q. Have you ever said to any one that you were in no way connected with the operations of Gould and Fisk in gold or otherwise?—A. Possibly I may, as, in fact, I was not. My wife had a specified interest. If you come to technicalities, I really had none; not a dollar.

Q. You say you wrote to General Porter; did you receive any letter from him?—A. No; I got no reply. I heard afterward, and it was a good while after, that the answer the President gave to the bearer of my letter was "No answer."

Q. Did you ever tell the President himself that you were speculating in stocks or gold?—A. No; I did not. I felt that I had a right to buy stocks or bonds the same as any other gentleman; at the same time it

is but just to myself to say that I am not likely to thrust my affairs upon the attention of other people.

Q. Did you, in the conversation with the President you have spoken of, on Sunday, refer to the letter you had written to the President which was carried by Mr. Chapin?—A. I believe I have told you the few brief words that passed, and that the whole matter was closed.

Q. Do you know Doctor Pollard?—A. I have seen him.

Q. Did you have any conversation with him about this gold business, or your speculations?—A. I never have, to my recollection. He is a clerk in the Erie building, for Mr. Fisk, I believe.

Q. You never told him, at an interview in the Erie building, "How does Mr. Fisk bear his losses; it is terrible for us;" did you?—A. That is the *Sun's* story. No.

Q. Did you ever see anybody, after your return from Washington, who was connected with this business; anybody representing Fisk or Gould?—A. Not to my recollection.

Q. Any lawyers or agents?—A. I had a talk with my own lawyer.

Q. Do you think there is any matter unsettled between you and Fisk and Gould?—A. I would refer you for an answer to his lawyer and mine.

Q. Did you have any relations or communications about this gold business with General Butterfield or any of his subordinates during the pendency of this movement?—A. Oh, no; none at all.

Q. You had no intimation, by telegraph from Washington, or any other place, in reference to the sale of gold by the Secretary of the Treasury?—A. Never, either directly or indirectly.

Q. Are we to understand you to say that you had no interview with General Butterfield during this gold panic or crisis in New York from the time gold began to go up?—A. If, by the word interview, you mean to ask whether I ever saw him, I should say, I presume I did see him, for we were in the habit of meeting pretty often before his appointment, and occasionally afterward. I presume I was not at his house during August and September. He may have been at mine upon a visit, but nothing ever occurred in reference to any matter of business that I remember. We have had no transaction in gold, nor had any other business connections together since the time he came into his treasury office.

Q. You never asked him, and he never gave you, what was the policy of the government?—A. I do not think he had anything to give. I do not think Mr. Boutwell ever trusted him or any one else; at any rate, I answer the question in the negative.

Q. Your relations with the President are friendly now, are they?—A. Entirely so.

With the permission of the committee, I desire to make one general statement. I wish here to aver that I have formed no plans to cause fluctuations in the gold market, and no man, so far as I know, ever attempted to execute any plans derived from me to cause such fluctuations, with or without any assistance of

mine. I have never put up a dollar of money or credit for any such purpose. I have never put up any credits or stocks with any view to cause the price of gold to fluctuate, nor to create any revulsion in the market. I have never given information, and have never obtained information, of a character that would benefit any attempt to create any fluctuation. No officer ever furnished me with any such information, and I have never sought any such information. I wish to state these facts in this general way. I think it is due to the officers of the government that I should make this statement, and also that I should say that I have never obtained any information from any subordinate other than from those high in authority. I wish to say, also, that I firmly believe that these fluctuations were produced by these extraordinary speculations in Wall street, and that it was a spasm which occurred very suddenly, as I believe, without any plan about it of more than a few hours duration.

Entire exemption from selfishness I cannot claim. I have not quite attained perfection, though I struggle for it. I am willing to admit that I have something of human selfishness, but so far as creating fluctuations is concerned, I certainly have no desire to accomplish that purpose. I did desire to see gold at 140, and to see it held there until the crops could be taken to market and good prices obtained. I did not desire any fluctuation or agitation in the money market.

CHAPTER XXII.

LEGISLATIVE VENTILATION OF THE GOLD CONSPIRACY.

IN the House of Representatives, March 1st, 1870, Mr. GARFIELD, Chairman of the Committee on Banking and Currency, made the following report:

The Committee on Banking and Currency, having been directed by a resolution of the House of Representatives, passed December 13th, 1869, "to investigate the causes that led to the unusual and extraordinary fluctuations of gold in the city of New York, from the 21st to the 27th of September, 1869," beg leave to submit the following report:

In obedience to the order of the House, the committee resolved to examine the following topics, in the order named:

First. The Gold Exchange and the Gold Exchange Bank; their history, the character of their ordinary operations, and their relations to the gold panic of September.

Second. The alleged conspiracy of September, to raise the price of gold; the persons engaged in it, and the instrumentalities made use of.

Third. Whether any officers of the national government were directly or indirectly engaged in the alleged conspiracy.

The peculiar character of the operations to be inves-

tigated, and the secrecy with which they were carried on, made it difficult for the committee to find the clue to many transactions, a knowledge of which was essential to a full understanding of the subject; and the large number of persons engaged in the movement, and the reluctance of many of them to disclose their own transactions, have protracted the investigation and swelled the volume of the testimony to an extent which the committee regret, but could not reasonably avoid.

In narrating the facts developed by the investigation, the committee have used the language of the witnesses themselves wherever it could conveniently be done, and have, in the main, followed the chronological order of events.

The history of the gold panic will itself include all the topics above named, and they need not, therefore, be treated separately. In order to exhibit the full history, it will be necessary to review briefly the movement of gold during the year previous to September last.

On the first of September, 1868, the price of gold was 145. During the autumn and winter it continued to decline, interrupted only by occasional fluctuations, till in March, 1869, it touched $130\frac{1}{4}$, (its lowest point for three years,) and continued near that rate until the middle of April, the earliest period to which the evidence taken by the committee refers. At that time, Mr. Jay Gould, President of the Erie Railroad Company, bought seven millions of gold, and put up the price from 132 to 140. Other brokers followed

his example, and by the 20th of May had put up the price to 144 $\frac{7}{8}$, from which point, in spite of speculation, it continued to decline, and on the last day of July stood at 136.

The first indication of a concerted movement on the part of those who were prominent in the panic of September was an effort to secure the appointment of some person who should be subservient to their schemes, as Assistant Treasurer at New York, in place of Mr. H. H. Van Dyck, who resigned in the month of June. In this effort Mr. Gould and Mr. A. R. Corbin appear to have been closely and intimately connected. If the testimony of the witnesses is to be believed, Mr. Corbin suggested the name of his stepson-in-law, Robert B. Catherwood, and Mr. Gould joined in the suggestion. This led to an interview with Catherwood, the object of which is disclosed in his own testimony, as follows:

"I went the next day to have a conversation with Mr. Gould and Mr. Corbin, and I found that the remark was simply this: That the parties could operate in a legitimate way and make a great deal of money, and that all could be benefitted by it in a legitimate manner. I satisfied myself that I could not fill the bill."

And again:

"Mr. Gould, Mr. Corbin, myself, and some other associates, had an understanding that we would go into some operations, such as the purchase of gold, stocks, &c., and that we would share and share alike."

And,

"I declined to go into this sub-treasury business."

On what grounds Mr. Catherwood declined to be a candidate does not appear.

The parties next turned their attention to General Butterfield, and, both before and after his appointment, claimed to be his supporters. Gould and Catherwood testify that Corbin claimed to have secured the appointment, though Corbin swears that he made no recommendation in the case. General Butterfield was appointed Assistant Treasurer, and entered upon the duties of that office on the first of July.

It is, however, proper to state that the committee have no evidence that Catherwood's name was ever proposed to the President or Secretary as a candidate for the position, nor that General Butterfield was in any way cognizant of the corrupt schemes which led the conspirators to desire his appointment, nor that their recommendation had any weight in securing it. In addition to these efforts, the conspirators resolved to discover, if possible, the purposes of the President and the Secretary of the Treasury in regard to sales of gold. The first attempt in this direction, as exhibited in the evidence, was made on the 15th of June, when the President was on board one of Messrs. Fisk and Gould's Fall River steamers, on his way to Boston. At nine o'clock in the evening supper was served on board, and the presence at the table of such men as Cyrus W. Field, with several leading citizens of New York and Boston, was sufficient to prevent any suspicion that this occasion was to be used for the benefit of private speculation; but the testimony of Fisk and

Gould indicates clearly the purpose they had in view. Mr. Fisk says:

“ On our passage over to Boston with General Grant we endeavored to ascertain what his position in regard to finances was. We went down to supper about nine o'clock, intending while we were there to have this thing pretty thoroughly talked up, and, if possible, to relieve him from any idea of putting the price of gold down.”

Mr. Gould's account is as follows:

“ At this supper the question came up about the state of the country, the crops, prospects ahead, &c. The President was a listener; the other gentlemen were discussing; some were in favor of Boutwell's selling gold, and some opposed to it. After they had all interchanged views, some one asked the President what his view was. He remarked that he thought there was a certain amount of fictitiousness about the prosperity of the country, and that the bubble might as well be tapped in one way as another. We supposed, from that conversation, that the President was a contractionist. * * * His remark struck across us like a wet blanket.”

It appears that these skilfully-contrived efforts elicited from the President only one remark, and this opened a gloomy prospect for the speculators; for Mr. Gould testifies that early next morning he was at the telegraph office, and found there one of his associates telegraphing to New York to sell out his stocks.

Upon their return to New York, Fisk and Gould determined to bring a great pressure upon the adminis-

tration, to prevent, if possible, a further decline in gold, which would seriously interfere with their purposes of speculation.

This was to be effected by facts and arguments presented in the name of the country and its business interests ; and a financial theory was agreed upon, which, on its face, would appeal to the business interests of the country, and enlist in its support many patriotic citizens, but would, if adopted, incidentally enable the conspirators to make their speculation eminently successful. That theory was, that the business interests of the country required an advance in the price of gold ; that in order to move the fall crops and secure the foreign market for our grain, it was necessary that gold should be put up to 145. According to Mr. Gould, this theory, for the benefit of American trade and commerce, was suggested by Mr. James McHenry, a prominent English financier, who furnished Mr. Gould the data with which to advocate it. This theory is exhibited very fully in the testimony of Mr. Gould and of Mr. Fisk.

The chosen instrument through whom these views were to be laid before the President was Mr. Corbin, who soon became a willing convert to the theory. The previous purchase and carrying of two millions of United States bonds by Mr. Gould for Corbin's profit may have aided in his conversion. Gould says:

"Mr. Corbin is a very shrewd old gentleman ; much more far-seeing than the newspapers give him credit for. He saw at a glance the whole case, and said that he thought it was the true platform to stand on; that

whatever the government could do legitimately and fairly to facilitate the exportation of breadstuffs, and procure good prices for the products of the West, they ought to do."

Having thus secured a concord of purpose to put up the price of gold for the public good, their next step was to press these views upon the President. Corbin also testifies as follows:

"I had been out of politics for a good many years, but still a remembrance remained with me; and I was now the more interested, as I had a natural desire for the success of the administration of the brother of my wife, especially during its first year. While at home Mr. Gould used to call at my house occasionally; and as I had heard that he was a Wall street operator I always improved the opportunity to talk with him. I took advantage of every occasion to impress upon him what I thought was a vital point, and that was, to let the farmers and mechanics and manufacturers have good prices for their productions."

Mr. Gould testifies:

"Corbin was anxious that I should see the President and communicate to him my view of the subject. Being connected in my railroad business with the matter of transportation, and knowing the views of those managing the other trunk lines, he thought that I knew the substance of the concentrated views of these people; and he was anxious that I should see the President and talk with him, and he made an appointment with me to do so. I went to Mr. Corbin's and was introduced to the President."

It appears from the testimony that in these interviews secured by Corbin, great care was taken to urge only the patriotic side of the question, and its relation to the great business interests of the country. Still, Mr. Corbin says that the President engaged in these conversations with reluctance, and the moment any allusion was made to the future policy of the government he became very reticent, and on one occasion reprimanded a servant for allowing Mr. Gould such ready access.

In pursuance of this system of espionage, Mr. Fisk, hearing that the President had gone to Newport, followed him. He says in his evidence:

“General Grant started to go to Newport. I then went down to see him. I had seen him before, but not feeling as thoroughly acquainted as I desired to for this purpose, I took a letter of introduction from Mr. Gould, in which it was written that there were three hundred sail of vessels on the Mediterranean from the Black Sea, with grain to supply the Liverpool market. Gold was then about 34; if it continued at that price we had very little chance of carrying forward the crop during the fall. I know that we felt very nervous about it. I talked with General Grant on the subject and endeavored as far as I could to convince him that his policy was one that would bring destruction on us all.”

This visit of Mr. Fisk brought no comfort to him or his associates. On his return he found that Gould had joined with two brokers, W. S. Woodward and Arthur Kimber, and had bought a large amount of

gold, but had not been able greatly to advance the price.

All their efforts had thus far failed to secure any promising prospect of a rise in gold, and Gould was still unable to induce Fisk to co-operate in his purchases.

A new scheme was started. If by any means they could make the people believe that the Treasury would not sell gold for a month or two, this belief would be almost as valuable to them as though it were true. They therefore sought by stratagem to make an impression to that effect on the public mind, through the press, and in this they came very near being successful.

On the 5th of August, the Hon. John Bigelow, editor of the New York Times, had an interview with the President, during which the financial condition and prospects of the country were discussed.

The statements in two editorial articles which appeared in the Times of August 6th and 7th were understood to represent the President's views, if they were not directly inspired by him.

On the 19th of August the President passed through New York, and immediately thereafter, the conspirators sought to use the columns of the Times for the publication of an article which should appear to be a semi-official declaration of the financial policy of the administration, but which should have the effect to raise the price of gold, and thus aid their speculation.

At the suggestion of Jay Gould, Mr. Corbin, on the 23d of August, had completed an article (the manu-

script text of which, in his own handwriting, is in possession of the committee) in which it was declared to be the policy of the administration to advance the price of gold, and in which the transportation theory of Gould and Fisk was advocated. This article was headed "Grant's financial policy." It was agreed that it should be published as a leading editorial, for only in that form could the purpose of its authors be accomplished. Its publication was to be managed by Mr. Gould, and lest his personal application to the editor of the Times should carry with it a flavor of Wall street, he secured the services of Mr. James McHenry, a prominent English capitalist, and a personal friend of Mr. Bigelow, who called at the Times office and presented the article as the expression of a person in the intimate confidence of the President, and whose utterances were faithful pictures of the presidential mind. The article was put in type and double-leaded, for a leading editorial; but, on reading it over, suspicions were aroused, and the financial editor, Mr. Norvell, was sent for. He testifies:

"Not knowing where the article came from, yet, from whatever source it originated, I suspected there might be, from the statements of the last paragraph, a sinister purpose to bull gold; so the double leads were taken out, the tail of the article stricken off, and the article, as it appears, published on the 25th. * * * * *

"The intention, I have no doubt, was that it should appear just as much semi-officially as the other article of the 6th of August, which Mr. Bigelow himself wrote after his interview with the President."

The article as it was written, and the amended article as published, appear in parallel columns in Mr. Norvell's testimony.

A comparison of the doctrines of the two will show how cunning was the fraud attempted.

Hoping still to make this article useful, Mr. Gould addressed a letter to the Secretary of the Treasury, August 30th, with the manifest purpose of drawing out a denial or admission that the article in the Times correctly reflected the intended financial policy of the administration for the next three or four months. This letter is made a part of Mr. Boutwell's testimony. The brief and formal reply of the Secretary gave Gould no clue to the purposes of the government.

About the 1st of September, and just before leaving New York, the President wrote a letter to Secretary Boutwell, who was then at his home in Massachusetts, in which the President spoke of the financial condition of the country, and suggested that it would not be wise to sell gold in such large amounts, to force down the price, while the crops were moving, as it might thus embarrass the West.

This letter was received by the Secretary on the 4th September, and though it gave no order, but left the whole subject to his discretion, yet he determined not to sell so large an amount during September as he had done in the preceding months, and telegraphed the Assistant Secretary at Washington not to sell any gold in addition to the amount required for the sinking fund.

Whether the conspirators obtained any knowledge

of this letter and telegram, the committee have been unable to determine; but on the 3d and 4th of September gold again commenced to rise rapidly, and on the 6th touched 137½.

All this time Gould continued to make large purchases. But, as Fisk well said, "the whole country was against them," and one after another of Gould's associates became alarmed. W. S. Woodward testifies, that he bought far more than he intended to, and that he got Gould to take all but four millions off his hands. Other brokers felt the same alarm. It was evident that the movement was wholly artificial. The confidence in United States bonds increased in Europe every day. The prospect for abundant crops was flattering.

In spite of many forced operations, the export of specie was unusually light. Gold came pouring in from all quarters, and even commenced to return from Europe. Jay Gould himself testifies:

"I did not want to buy so much gold. * * * I had to buy or else to back down and show the white feather. * * * I was forced into it by the bears selling out. They were bound to put it down. I got into the contest. And all these other fellows deserted me like rats from a ship. Kimber sold out and got short."

In Mr. Gould's efforts to force up the price of gold he seems to have left no means untried to open every avenue of information, and to buy or conciliate all possible influence and aid. He placed General Butterfield under obligation to him by a private loan, and

by inviting him to join in buying a controlling share of the stock of the Tenth National Bank; and he swears, though General Butterfield denies it, that he bought and carried, during August and September, on the General's order, and for his profit, \$1,500,000 of gold.

To secure the more earnest aid of Corbin, and his pretended knowledge of the views and purposes of the President, he bought, in two lots, and carried for Corbin, one and a half millions of gold. This is admitted by Corbin, and the memorandum of the purchase, dated September 2d, is a part of the evidence. On the 6th of September, Corbin received from Gould \$25,000, the profits which had accrued in one week on the smaller of the two lots. These purchases were made by Gould without margins or security.

In addition to the influence thus obtained by purchase, he pretended that the President had become a convert to his theory of putting up the price of gold to aid the business of the country; and he had heard the President tell Corbin that he (the President) had countermanded Boutwell's order to sell gold during the month of September. Corbin swears that he never heard the President make such a statement, and Mr. Boutwell testifies that the President gave no order on the subject.

Such were the means employed by Gould to secure influence in his effort to depreciate the currency of the country.

With all the purchases he had made up to the middle of September, he had not been able to hold the

price above 135 and 136. Deserted by Woodward and Kimber, and unsupported by his old associate, his situation grew desperate, and he once more invited Fisk to join him.

Fisk replied that the skies did not look bright; that the tendency of gold was downward; that everybody was opposed to an upward movement, and that if they should buy much the Treasury would sell.

It would appear that nothing but the scent of corruption could sharpen the appetite of Fisk for the game which his leader was pursuing. His own testimony on this point exhibits his singular depravity and the kind of influences which could move him to act in opposition to his own judgment.

He was told that Corbin had enlisted the interest of persons high in authority, that the President, Mrs. Grant, General Porter and General Butterfield were corruptly interested in the movement, and that the Secretary of the Treasury had been forbidden to sell gold. Though these declarations were wickedly false, as the evidence abundantly shows, yet the compounded villainy presented by Gould and Corbin was too tempting a bait for Fisk to resist. He joined the movement at once, and brought to its aid all the force of his magnetic and infectious enthusiasm. The malign influence which Cataline wielded over the reckless and abandoned youth of Rome finds a fitting parallel in the power which Fisk carried into Wall street, when, followed by the thugs of Erie and the debauchees of the Opera House, he swept into the gold-room and defied both the street and the Treasury. Indeed, the

whole gold movement is not an unworthy copy of that great conspiracy to lay Rome in ashes and deluge its streets in blood, for the purpose of enriching those who were to apply the torch and wield the dagger.

With the great revenues of the Erie Railway Company at their command, and having converted the Tenth National Bank into a manufactory of certified checks to be used as cash at their pleasure, they terrified all opponents by the gigantic power of their combination, and amazed and dazzled the dissolute gamblers of Wall street by declaring that they had in league with them the chief officers of the national government. On this point, Mr. Hodgskin testifies:

“ When they had purchased a large amount of this gold, probably thirty or forty millions, they began to circulate the rumor, or, at all events, the rumors began to be afloat—about the middle of September, as nearly as I can recollect—that the parties who, as the expression was, were manipulating the gold market, had in league with them pretty much everybody in authority in the United States, beginning with President Grant and ending with the doorkeepers of Congress. The President was reported as having a large interest, as well as every member of his cabinet, especially the Secretary of the Treasury; also, a large number of the members of Congress. There is no doubt but that these stories were set afloat by these men themselves, in order to frighten people into buying gold.”

Possessed of these real and pretended powers, the conspirators soon had at their command an army of brokers, as corrupt as themselves, though less powerful

and daring. They opened an account for the "pool," which they styled the national gold account, hoping thus to strengthen the pretence that officers of the national government were interested with them.

They gradually pushed the price of gold from 135½, where it stood on the morning of the 13th September, until on the evening of Wednesday, the 22d, they held it firm at 140½. Russell A. Hills, clerk for William Heath & Co., had bought seven millions for the clique. James Ellis, partner of the same firm, had bought for them \$6,895,000 more, under orders to put up the price and hold it there.

Woodward testifies that he bought eighteen millions, of which ten millions were taken by Gould.

H. K. Enos testifies that he bought ten millions.

E. K. Willard testifies that he bought ten millions.

Chas. E. Quincy, of Heath and Co., testifies that he held over fourteen millions.

On the evening of Wednesday, the 22d, gold stood at 140½, and according to Fisk's testimony the conspirators held calls from fifty to sixty millions. Mr. Gould thinks it was not more than twenty-five millions, but his partner (Smith) testifies that they held from forty to fifty or fifty-five millions, in the purchase of which they had employed from fifty to sixty brokers. No better proof was needed that the natural tendency of gold was downward than the fact that it required these enormous purchases, with all the accompaniments of fraud, to hold it three cents higher than it had stood sixteen days before.

During the ten days in which these purchases were

made, the conspirators were disturbed by the movements of the Secretary of the Treasury.

About the 14th of September it became known in New York that within a few days Secretary Boutwell would pass through the city, and that he had accepted an invitation to dine at the Union League Club. It was noised about that the dinner was gotten up by parties short of gold, who expected to use the occasion to influence the Secretary in favor of increasing his sales of gold, and breaking up the supposed clique. Mr. Gould became alarmed at the confident manner in which the Secretary's intentions were spoken of, and solicitous as to what effect the bears and business men might have on the Secretary's policy.

He called on Corbin, and communicated his fears. The testimony shows that he distrusted Corbin's pretended influence. For nearly a fortnight he had called twice a day, and while studying the situation was narrowly watching Corbin's behavior. He knew that every cent of advance in the price of gold added \$15,000 to Corbin's profit from the gold movement, and that this fact might explain Corbin's pretence of knowing the President's purposes, and of being able to influence them.

Corbin continued to assure Gould that there was no danger, and on the evening of the 17th of September it was agreed that the former should address a letter to the President, urging him not to interfere in the gold market by ordering or permitting sales from the Treasury. During that night Corbin wrote a long letter on the subject, which was not considered worth

preserving, but was destroyed soon after it was received by the President. The testimony shows that the letter contained no reference to the private speculations of Corbin, but urged the President not to interfere in the fight then going on between the bulls and bears, nor to allow the Secretary of the Treasury to do so by any sales of gold. The letter also repeated the old arguments in regard to transportation of the crops. Its contents are exhibited in the testimony of both Corbin and Gould.

While Corbin was writing it, Gould called upon Fisk to furnish his most faithful servant to carry the letter. W. O. Chapin was designated as the messenger, and early on the following morning went to Mr. Corbin's house and received it, together with a note to General Porter. He was instructed to proceed with all possible haste, and telegraph Fisk as soon as the letter was delivered. He reached Pittsburg a little after midnight, and proceeding at once by carriage to Washington, Pennsylvania, thirty miles distant, delivered the letter to the President, and, after waiting some time, asked if there was any answer. The President told him there was no answer, and he hurried away to the nearest telegraph office and sent to Mr. Fisk this despatch: "Letters delivered all right," and then returned to New York.

Mr. Fisk appears to have interpreted the "all right" of the despatch as an answer to the doctrine of the Corbin letter, and says he proceeded in his enormous purchases upon that supposition. The relation of this letter to the whole transaction is sufficiently important

to warrant a fuller statement in regard to it. The messenger Chapin, in his evidence before the committee, details with great minuteness, his part in this transaction. He says he delivered a letter addressed to General Porter in the parlor, and that a few minutes afterwards, as the President entered the porch of the house, he delivered the letter addressed to him. Chapin's testimony is as follows:

"Q. Were any words said either by the President or General Porter giving the least information as to what these letters contained?—A. No, sir; there was not.

Q. Were you informed before you left New York what the substance of the letters was?—A. No, sir; I was not. I had no knowledge of it in any way.

Q. Did you mean by your telegram to say that the President answered that the contents of the letter were all right?—A. No; I did not know anything about the contents of the letter. I meant to say that he had received the letters and read them; that they had been delivered all right.

Q. You did not, in your telegram, allude to the contents of the letters or the subject-matter of them?—A. No, nothing of the kind."

The account given of this transaction by General Porter is as follows:

"While we were stopping at Washington, Pennsylvania, the President and I were engaged one morning playing a game of croquet in the yard. I was told that there was a gentleman there who wanted to see me, and I sent him word to wait till we had fin-

ished the game. I then walked into the parlor, the President taking a seat in the porch, near the window. A gentleman in the room handed me a letter, which I opened. It was to this effect:

“ *New York*, (I forget the date.)

“The bearer has a letter which he desires to deliver to the President. Please afford him an opportunity of doing so.
A. R. CORBIN.”

“I called to the President, and he stepped into the parlor, and a letter was handed to him by this messenger. The President walked out, I think, on the stoop, reading it, and in a few minutes I walked out in another direction. The messenger was still sitting in the parlor alone. A few moments afterward the President returned, and this gentleman arose, hesitated a moment, and said: ‘Any reply?’ or ‘Anything further?’ The President said ‘No answer;’ and the messenger started off, got into a buggy, and drove away. I said to the President, ‘Who is that man?’ He said, ‘I do not know. Why?’ I said, ‘I merely asked on account of the peculiarity of the letter of introduction which he brought to me; his name is not mentioned in it.’ He said, ‘Letter of introduction from whom?’ I replied, ‘from Mr. Corbin of New York.’ He said, ‘Is that messenger from New York?’ I said, ‘He appears to be.’ He seemed quite surprised, and was silent for a few moments, and then, and in some subsequent conversation, he gave me the impression that he supposed this man was a messenger from the post office, who had merely brought the mail up. It had been customary

for the postmaster himself, or one of his clerks, to bring the mail to the President, and deliver it in person.

Q. In what the President said to the messenger, did you understand that any reference was made to the contents of the letter?—A. No, sir.

Q. Is the letter which you received in existence?—A. It is not. It was an ordinary note, which I tore up a moment afterwards.

Q. Do you know whether the letter addressed to the President is in existence or not?—A. My understanding is that it is not. It was destroyed at the time.

Q. State what is the habit of the President in that respect; whether he is in the habit of destroying letters addressed to him or not.—A. He destroys a great many, all that are not of importance for the files.

Q. Do you keep his files?—A. Yes, sir.

Q. If that letter was in existence, would you have knowledge of it?—A. It would be in my custody in all probability."

This letter, which Corbin had led his co-conspirators to trust as their safeguard against interference from Mr. Boutwell, finally proved their ruin. Its effect was the very reverse of what they anticipated.

General Porter testifies:

"The letter would have been like hundreds of other letters received by the President, if it had not been for the fact that it was sent by a special messenger from New York to Washington, Pennsylvania, the messenger having to take a carriage and ride some twenty-

eight miles from Pittsburg. This letter, sent in that way, urging a certain policy on the administration, taken in connection with some rumors that had got into the newspapers at that time as to Mr. Corbin's having become a great bull in gold, excited the President's suspicions and he believed that Mr. Corbin must have a pecuniary interest in those speculations; that he was not actuated simply by a desire to see a certain policy carried out for the benefit of the administration. Feeling in that way, he suggested to Mrs. Grant to say, in a letter she was writing to Mrs. Corbin, that rumors had reached her that Mr. Corbin was connected with speculators in New York, and that she hoped that if this was so he would disengage himself from them at once; that he (the President) was very much distressed at such rumors. She wrote a letter that evening, which I did not see. That, I think, was the night after the messenger arrived, and while we were still at Washington, Pennsylvania."

Both Mr. Gould and Mr. Corbin have testified in regard to this letter, and they state its contents substantially as given by General Porter.

It was received in New York on the evening of Wednesday, the 22d. Late that night Mr. Gould called at Corbin's house. Corbin disclosed the contents of the letter, and they sat down to consider its significance. Both have detailed at length in their evidence what transpired between them that night and the following morning.

This letter created the utmost alarm in the minds of both these conspirators. It showed Corbin that his

duplicity was now strongly suspected, if not actually discovered. It showed Gould that he had been deceived by Corbin's representations, and that a blow from the Treasury might fall upon him at any hour.

The picture of these two men that night, as presented in the evidence, is a remarkable one. Shut up in the library, near midnight, Corbin was bending over the table and straining with dim eyes to decipher and read the contents of a letter, written in pencil, to his wife, while the great gold gambler, looking over his shoulder, caught with his sharper vision every word.

The envelope was examined, with its post-mark and date, and all the circumstances which lent significance to the document. In that interview Corbin had the advantage, for he had had time to mature a plan. He seems to have determined, by a new deception, to save his credit with the President, and at the same time reap the profit from his speculation with Mr. Gould. He represented to Gould the danger of allowing the President any reason to believe that he, Corbin, was engaged in speculation, and said he had prepared a letter to the President denying that he had any interest in the movement, direct or indirect, and said he must send the letter by the first mail, but that in order to send it it must be true. He proposed, therefore, to Gould that they should settle the purchase of a million and a half by Gould, paying to him the accrued profits, which as gold stood that night, would amount to over \$100,000 in addition to the \$25,000 he had already received.

Gould was unwilling either to refuse or accept the

proposition. Fearful, on the one hand, of losing his money, and on the other of incurring Corbin's hostility, he asked a delay until morning, and in the meantime enjoined and maintained secrecy in regard to the existence of the letter. The next morning they met again and concerning this interview their testimony disagrees. Corbin says that Gould offered him \$100,000 on account if he would remain in the pool, but swears that, by an heroic effort of virtue on his part, and urged by the entreaty of his wife, he declined the offer. Gould swears that Corbin insisted on receiving full payment and discharge. Corbin says that Gould gave him a look of deep distrust, exclaiming, "If the contents of Mrs. Grant's letter is known, I am a ruined man. Corbin promised secrecy, and the conference broke up.

Gould went from Corbin's house to the office of the Erie Railroad, still keeping Mrs. Grant's letter a secret from Fisk. Later in the day he disclosed only enough of the truth to make Fisk jointly responsible for whatever amount of money he should pay to Corbin. Of this transaction Mr. Fisk says:

"Mr. Gould says to me, 'Old Corbin feels troubled and nervous about some gold; he wants a hundred thousand dollars.' 'What do you think of it?' Said I, 'If he wants that money to deal out to people, and it will help to strengthen our position in regard to this gold, we will give him one hundred or two hundred thousand.' 'Well,' said he, 'do as you please.' I went immediately and got a check for a hundred thousand dollars and gave it to Gould, who said he would give it to Corbin that night."

Mr. Gould testifies that the check was drawn but never paid to Corbin.

Mr. Fisk knew only of Corbin's nervousness, but Gould knew far more. He says that Corbin had deceived him in pretending to possess knowledge of the President's purposes, and of being in any way able to influence them. He saw the whole extent of the danger and the ruin which a Treasury sale would bring upon him. New victims were prepared and a new scheme devised to save himself.

Mr. Gould's plan appears to have been that Fisk and others should push on the work of buying and crowding up the price of gold, but that he himself would buy only enough to keep up appearances, while he was quietly and rapidly selling as large amounts as possible without exciting the suspicions of his associates. William Belden, a former partner of Fisk, became a ready tool for the accomplishment of this purpose. Bringing with him a crowd of fresh brokers, he went noisily into the street, proclaiming everywhere that gold was going up much higher, and gave unlimited orders to buy. That he might have the credit on which to base his purchases, he referred to Fisk and Smith, Gould, Martin & Co., as his principals and backers. Whether it was an afterthought to cover the retreat of the conspirators, or a device prepared in advance to enable them to repudiate their purchases, is a matter of doubt; but it appears in the evidence that Fisk held a letter from Belden, which gave him unlimited authority to purchase gold at Belden's risk, and to give any orders he chose to Bel-

den's brokers. Belden swears he has no remembrance of this letter. Early Thursday morning Belden brought into his back office Mr. Albert Speyers and introduced him to Fisk, Gould, and Smith, telling him to take orders from Mr. Fisk, and made the undoubted impression on Speyer's mind that he was to act as broker of the whole party. Armed with this authority, and in common with many other brokers, Speyers proceeded to buy gold. His first order was "buy quickly two millions;" and a few minutes later, "continue to buy." When he hesitated he was told to go on and buy without fear.— Mr. Stimson bought many millions under an order to put gold to forty-four. Many other brokers bought vast sums under similar orders. But while these tools and victims of the clique were buying, Gould himself was selling. He says of that day's business:

"My purchases were very light. I was a seller of gold that day. I purchased merely enough to make believe that I was a bull."

While Gould was quietly selling many millions, and Belden buying more millions than he knew of, Fisk spent half an hour in the gold-room, the scene of the greatest excitement, received the adulation of his satellites, and struck terror into the hearts of the bears by offering to bet any part of \$50,000 that gold would sell at 200. After gloating awhile over the impending ruin which they had planned he withdrew to collect his forces for the next day's work.

Thursday afternoon gold closed at about 144, and the conspirators, flushed with apparent success, held a

meeting that evening to lay plans for the next day's campaign. The operations of the gold-clearing house, which usually amount to seventy millions, had reached that day, two hundred and thirty-nine millions. The clique held calls for more than one hundred millions of gold, and as there were not more than fifteen millions of actual gold and gold certificates in New York, outside of the sub-treasury, they seemed to be masters of the situation. Every man that had bought or loaned gold owed it to them, and must buy it of them or settle at such ruinous rates as they might dictate. They had a full list of all who were short of gold, including more than two hundred and fifty prominent firms in New York, many of them leading bankers and merchants, whose legitimate business required large purchases of gold.

At that meeting it was proposed to publish this list next morning in all the city papers, stating the amount each firm was short, and how much gold the clique held, and informing the victims that if they did not settle at 160 before 3 o'clock a higher rate would be demanded.

So strongly did this shameless proposal commend itself to some of the conspirators that they sent for counsel to inquire whether there was any legal obstacle in the way. They were informed that such a course would constitute a conspiracy under the statutes of New York, and for this reason, or perhaps for fear of popular fury, the scheme was abandoned.

It was finally determined to put gold up still further and to continue the work of the previous day on a

still larger scale. Early on Friday morning Fisk and Gould drove down to Wall street, reading on their way from the morning papers the unmistakable signs of the wrath in store for them. Nothing can more strikingly exhibit the artificial and unnatural character of speculation in gold than one of the answers of Mr. Fisk when asked why he feared any sale the Treasury could make, while the clique held calls for six times as much gold as there was in New York outside the sub-treasury, and much more than both the Treasury and the city could command, he answered, "Oh, our phantom gold can't stand the weight of the real stuff."

They made Heath's office their headquarters, and, with bullies standing as guards at the door and a crowd of runners at their elbows, issued the final orders for their grand assault upon the commercial community.

Belden was the man of straw, in whose name all purchases that day were to be made. Fisk was to give the orders to buy, so as to leave it to be inferred that they were for account of himself and Gould, otherwise brokers would not have executed the orders. Willard was to attend to the loans and to force the collection of all the money they could by way of margins from borrowers. Speyers, deceived and confiding, but utterly imprudent and injudicious, was to be the convenient tool to bid up the market in the gold-room.

Smith, Osborne, Dater, and Simpson, and other leading brokers of this clique, were to frighten the borrowers of gold into private settlements in their

office, and Jay Gould, the guilty plotter of all these criminal proceedings, determined to betray his own associates, silent and imperturbable, by nods and whispers, directed all. He knew that day better than ever the value of silence, and as he testified to the committee:

"I had my own plans, and did not mean that anybody should say that I had opened my mouth that day, and I did not."

At nine o'clock Speyers received his first instructions. He testifies that he met Belden coming out of his office, who said:

"'Come with me to Heath's office.' He also said, 'This will be the last day of the gold-room. We have got over \$110,000,000 of calls, (meaning that they had a right to call for \$110,000,000 at a certain price,) and we have an immense amount of money and can buy all the gold the government dare to sell. You need not be afraid of any orders that are given you; you will be all right.' We had now reached Mr. Heath's office, (this was said on the way to Heath's office,) where I found Fisk and Gould and others. Fisk told me to buy all the gold I could get at 145, or under. *He spoke loud in the hearing of everybody.* The market price (that was before the board) was then 143½. I then went to the gold-room and began to buy cautiously until it passed my limit of 145. Then, while I was standing there, a slip of paper was handed to me, on which was written, 'Put it to 150 at once,' signed, 'James Fisk, Jr.,' and addressed 'A. Speyers.' I continued to buy until I

got it up to 150. I went back to Mr. Heath's office several times during my purchases, and reported to Messrs. Fisk and Gould, showing both of them what I had done. Fisk said, 'All right. Go back and take all what you can get at 150.'"

Again,

"I then went back to Mr. Fisk and told him what had happened, (viz., that gold had gone above 150.) He said he had heard of it, and he added: 'Go and bid gold up to 160. Take all you can get at 160. But you will be too late, for I have given orders to other brokers already to buy at 160.'" I then went back and bought gold until I got it up to 160. After I had bought a lot at 160, I reported again to Mr. Fisk, and he told me I should continue to buy at 160. Gold passed 160 and went up to 163½."

Before noon Speyers had purchased nearly sixty millions, and other brokers had so swelled the amount that Belden swears he has no means of knowing how much gold was bought in his name.

In the meantime Osborne, and Willard, and Smith were taking the borrowers of gold, one after another, into their private offices, and by working on their fears, and threatening them to advance the market to 200, frightened and bullied them into making private settlements at ruinous rates. At short intervals Willard, and Smith, and others, came into the office where Gould was sitting, and reported these settlements, and still Speyers was ordered to buy, buy, buy, and to not let the price go below 160.

One thing was, of course, essential to complete

success that day. The clique needed vast sums of money so as to be able to pay for the gold that parties who declined to place margins in their hands might return to them. For this Gould had made, as he thought, ample provision. He had some time before purchased a controlling interest in the Tenth National Bank, and used that institution as a convenience to certify the checks of his firm. To this bank he wrote a letter the day before the panic, guaranteeing them from loss through certifying the checks of William Heath & Co.

Russell A. Hills, clerk of Heath & Co., says:

"He told me that the Tenth National Bank had agreed to certify to an unlimited extent, day by day. A short time afterwards one of the officers of the bank came into the office of William Heath & Co., and said that it was impossible for the bank to certify, as there were three bank examiners in there to prevent it."

It is in evidence that on Thursday the bank certified checks to the amount of twenty-five millions, and on Friday, notwithstanding the presence of the examiners, certified fourteen millions more.

While this desperate work was going on in New York, its alarming and ruinous effects were reaching and paralyzing the business of the whole country and carrying terror and ruin to thousands. Business men everywhere, from Boston to San Francisco, read disaster in every new bulletin. The price of gold fluctuated so rapidly that the telegraphic indicators could not keep pace with its movement. The com-

plicated mechanism of these indicators is moved by the electric current carried over telegraphic wires directly from the gold-room, and it is in evidence that in many instances these wires were melted or burned off in the efforts of operators to keep up with the news.

In the meantime two forces were preparing to strike the conspirators a blow. One was a movement led by James Brown, a Scotch banker of New York, and supported by many leading bankers and merchants. The situation of all those whose legitimate business required the purchase of gold was exceedingly critical, and the boldest of them, under the lead of Brown, joined the great crowd of speculative bears in desperate efforts to break down the conspiracy and put down the price of gold by heavy sales. The other was a movement at the national Capital.

The President returned from Pennsylvania to Washington on Thursday, the 23d, and that evening had a consultation with the Secretary of the Treasury concerning the condition of the gold market. The testimony of Mr. Boutwell shows that both the President and himself concurred in the opinion that they should, if possible, avoid any interference on the part of the government in a contest where both parties were struggling for private gain; but both agreed that if the price of gold should be forced still higher, so as to threaten a general financial panic, it would be their duty to interfere and protect the business interests of the country. The next morning the price advanced rapidly, and telegrams poured into Washington from

all parts of the country, exhibiting the general alarm and urging the government to interfere and, if possible, prevent a financial crash. Soon after eleven o'clock the Secretary called at the Executive Mansion. Concerning that visit Mr. Boutwell says:

"He [the President] expressed the opinion, almost at the beginning of the conversation, that we ought to sell \$5,000,000. I recollect expressing the opinion that we should sell \$3,000,000, because that was the amount that I had in my mind when I left the office, and I thought it would be sufficient for the purpose. We had very little conversation beyond that. I returned almost immediately, without saying to him whether I would order the sale of \$5,000,000, or of \$3,000,000, or of any other sum, except that it was agreed that gold should be sold. Upon going back to my office, I came to the conclusion that I would advertise the sale of \$4,000,000; and immediately upon my return to my office I dictated a dispatch, which was taken by Mr. Bartlett, my short-hand writer. The following is a copy:

"TREASURY DEPARTMENT, *September 24, 1869.*

"DANIEL BUTTERFIELD,

Assistant Treasurer U. S., New York:

"Sell four millions (\$4,000,000) gold to-morrow, and buy four millions (\$4,000,000) bonds.

"GEO. S. BOUTWELL,

"Secretary Treasury.

"Charge to Department.

"Sent 11.42 A. M."

The message was not in cipher, and there was no attempt to keep it secret. It was duplicated, and a copy sent over each of the rival lines. The one sent by the Western Union line was dated at the Treasury 11.42, Washington time, and reached General Butterfield 12.10, New York time. That sent over the Franklin line was dated at the Treasury 11.45, and was delivered to General Butterfield at 12.05 New York time. The actual time occupied in transmitting the dispatch from the Secretary to General Butterfield, including messenger travel at both ends of the line, was eight minutes, the same over each line; but in the branch office of the Western Union Company, at Washington, there was a delay of eight minutes before the operator could get control of the wire. The committee, after careful examination, found no evidence that any officers or employes of either company were unfaithful to their duty in regard to this dispatch. Its contents may have been heard in some of the telegraph offices in New York, by outside experts standing near the instruments, and thus the news may have been known in the gold-room in advance of its publication; but the evidence on that point is not conclusive. A few minutes before noon, when the excitement in the gold-room had risen to a tempest, James Brown offered to sell one million at 162; then another million at 161; and then five millions more at 160; and the market broke. About ten minutes afterwards the news came that the Treasury would sell, and the break was complete. Within the space of fifteen minutes the price fell from 160 to 133,

and, in the language of one of the witnesses, half of Wall street was involved in ruin.

It was not without difficulty that the conspirators escaped from the fury of their victims and took refuge in their up-town stronghold—the office of the Erie Railroad Company.

During Thursday and Friday they had sold out, at high rates, a large part of the gold they had previously purchased, and had made many private settlements at rates ruinous to their victims. They at once repudiated all the purchases they had made through Belden, amounting to seventy millions, and it is evident that, either before or after the fact, they bought Belden's consent to this villainy.

The gold clearing-house, with its unlimited facilities for settling the accounts of gold gamblers, was suffocated under the crushing weight of its transactions, and its doors were closed.

Whatever may have been the final pecuniary results to the conspirators, it is evident that on that day Mr. Fisk, at least, supposed they had suffered enormous losses. He called on Corbin and overwhelmed him with threats and denunciations. In his evidence concerning this interview he says:

“I knew that somebody had run asaw right into us, and said I, ‘This whole thing has turned out just as I told you it would, I considered the whole party a pack of cowards;’ and I expected that when we came to clear our hands they would sock it right into us. I said to him, ‘I don’t know whether you have lied or not, and I don’t know what ought to be done with you.’”

He was on one side of the table weeping and wailing, and I was gnashing my teeth."

Gould seemed to have hope that Corbin might still be of some service, by going to Washington and representing to the President that the effects of the disaster on all parties might be mitigated by suspending the government's order to sell gold. Fisk joined in this proposal with but little hope, and said in regard to Corbin's going: "I thought that the further off he was the happier I should be." Two days before this Corbin had written to the President denying, in the most positive terms, that he had any interest, direct or indirect, in the gold movement, and ventured to go to Washington on Saturday night, and on Sunday attempted to talk with the President on the subject. According to his own testimony, and also that of General Porter, the President cut him short with the remark that that subject was closed up. Corbin pursued the attempt no further, and that night returned to New York. The fact that they received no dispatch on Sunday, and that the next morning further sales of government gold were ordered, showed Fisk and Gould that Corbin's mission had failed. He made no report, and the three conspirators never met again. Fisk says of this mission of Corbin's "Matters took such a turn that it was no use. It was, each man drag out his own corpse."

On Monday, the 27th, Fisk and Gould tried another method of saving what they could from the ruins of Friday. To answer the demand for settlement, made by scores of victims, they obtained from some of the

courts of New York City, in a single day, twelve injunctions and judicial orders, which placed the gold-clearing house in the hands of a receiver; restrained its officers from making settlements, except on the order of the courts; restrained the officers of the Gold Exchange from enforcing against the conspirators their rules to compel settlements among its members. The committee do not consider it necessary to follow the history of the settlements further.

In reviewing the whole subject, the committee submit the following conclusions:

First. The Gold Exchange and the Gold Exchange Bank are creations of this country and this decade alone. All their operations are founded on the difference between the price of gold and of paper money. All the foreign trade of the country, and indeed all transactions where the commodity is purchased in one currency and sold in another, require a purchase, loan, or sale of gold to complete the transaction. To meet this legitimate necessity of business these institutions were organized, in 1862-63, but they soon became the instruments of reckless speculation. The prominent bankers and merchants who testified before the committee were nearly unanimous in the opinion that there was no sufficient reason for the existence of these institutions; that they were the source of measureless evils, and ought to be destroyed. The testimony of William E. Dodge, Sr., expresses the opinion of the committee and of many witnesses. He says in regard to the gold-room:

“My opinion is, that without that organization it

would have been utterly impossible to have got up that panic. In the open market no such excitement can occur. In the gold-room, gold—or, rather, the ownership of gold—changes hands at fictitious values; men of almost no capital buy and sell gold, which they do not, in reality, possess, merely for purposes of speculation. There is no legitimate business about it, and the commerce of the country is obliged to make settlements at the current rate of gold, according to the fictitious prices established by those gamblers. Unscrupulous and irresponsible men, without a hundred dollars in the world, either in gold or currency, buy and sell to the extent of millions at fictitious prices; and every merchant in the United States is at their mercy. The legitimate gold transactions are very large, but they bear no kind of proportion to the amount that changes hands in the gold-room, solely as a matter of speculation. On a return to specie payments, there would be no necessity for a gold-room or Gold Exchange Bank, in the regular course of commerce—not the least in the world; it might exist for a time as a mere gambling house, nothing else. Take the gold-room out of the way, and the commerce in gold will regulate itself. I look upon the whole thing as a gambling operation. Such transactions ought to be placed entirely outside the pale of commerce. The law ought to treat it as *gambling*, for that is what it is; gambling in the very life-blood of the nation, in the currency of the country, in which every person throughout the land is interested.”

It is proper to add, that the testimony of Mr. Hodg-

skin gives the strongest points that have been presented in favor of these institutions.

Second. The gold conspiracy has already been so fully exhibited that but little more need be said. It is evident that the tendency of gold was downward, and that the movement of the conspirators was wholly artificial and unnatural, and that its effects were most disastrous to the legitimate business of the country. It dealt a heavy blow to our credit abroad by shaking the faith of foreign capitalists in the stability of our trade and the honesty of our people. At home its effects extended far beyond the circle of those who participated in it. One produced another, and hundreds of firms engaged in legitimate business were wholly ruined or seriously crippled. Importers of foreign goods were for many days at the mercy of the gamblers, and suffered heavy losses. For many weeks the business of the whole country was paralyzed—a vast volume of currency was drawn from the great channels of industry and held in the grasp of the conspirators. Hundreds of active, ambitious men were lured from the honest pursuit of wealth by the delusive vision of sudden fortune.

The effects of the panic are thus stated by Mr. George Opdyke:

“It produced an impression on the mercantile and financial mind, not only in this country but all over the world, that we here are a set of gamblers, and that it is not safe to enter into any contracts with us when it is possible for a small combination of speculators to monopolize one branch of our currency, the

coin, which performs its functions now as it did before the suspension of specie payments, so far as our foreign trade is concerned.

The shock was so universal, not only in America but abroad, that our railroad and other securities, which before that had been selling very freely on the continent, especially in Germany and Holland, have since found but little market abroad."

The foundations of business morality were rudely shaken, and the numerous defalcations that shortly followed are clearly traceable to the mad spirit engendered by speculation. But, however strongly we may condemn the conspirators themselves, we cannot lose sight of those causes which lie behind the actors and spring from our financial condition. The conspiracy and its baneful consequences must be set down as one of the items in the great bill of costs which the nation is paying for the support of its present financial machinery. For all purposes of internal trade gold is not money, but an article of merchandise; but for all purposes of foreign commerce it is our only currency,

So long as we have two standards of value recognized by law, which may be made to vary in respect to each other by artificial means, so long will speculation in the price of gold offer temptations too great to be resisted, and so long may capital continue to be diverted from enterprises which add to the national wealth, and be used in this reckless gambling which ruins the great majority of those who engage in it, and endangers the business of the whole country,

Not the least among the evils which grow out of the condition of our currency is the necessity which makes the national government a dealer in gold. Whether the surplus gold be hoarded or sold, it creates an artificial interference in the business of the country, and devolves upon the officers who manage it most delicate and difficult duties.

The committee find that the custom adopted by some of the national banks of certifying checks which do not represent cash deposits, and which if presented immediately cannot be paid, is a dangerous and pernicious practice, and that the use of such checks greatly aided the conspirators. It is in evidence that one bank, the Tenth National, certified thirty-nine millions of dollars checks in the course of two days, and with all its cash reserve was unable to make settlement, and only by large loans was saved from breaking.

Third. In regard to the relation of officers of the government to the gold movement, the committee find that the wicked and cunningly devised attempts of the conspirators to compromise the President of the United States or his family utterly failed.

Mr. Corbin, using the opportunities which his family relationship to the President afforded, and under that worst form of hypocrisy which puts on the guise of religion and patriotism, used all his arts to learn something from the private conversation of the President which could be made profitable to him and his co-conspirators. But with this and all the efforts of his associates, the testimony has not elicited a word or an

act of the President inconsistent with that patriotism and integrity which befit the Chief Executive of the nation.

Even Mr. Gould, notwithstanding all his attempts to discover the purposes and influence the opinions of the President, testifies as follows :

"I am satisfied that the President has never had any connection, directly or indirectly, with any of these movements that have been made.

Nothing ever occurred in any of these interviews that did not impress me that the President was a very pure, high-minded man; that if he was satisfied what was the best thing, that was what he would do.

Question. By the Chairman: Was there anything said or intimated at any of these interviews to the President, or in the President's hearing, that would have led him to suppose any private purpose of speculation or gain was sought to be reached through these interviews, so far as you know ?—Answer. No, sir."

The following letter to the Secretary of the Treasury exhibits both the wisdom of the President's opinions and the prudence of his conduct in reference to the gold movement :

NEW YORK CITY, *September 12, 1869.*

DEAR SIR :—I leave here for Western Pennsylvania to-morrow morning, and will not reach Washington before the middle or last of next week. Had I known before making my arrangements for starting that you would be in this city early this week, I would have remained to meet you. I am satisfied that on your arrival you will be met by the bulls and bears of Wall

street, and probably by merchants, too, to induce you to sell gold, or pay the November interest in advance, on the one side, and to hold fast on the other. The fact is, a desperate struggle is now taking place and each party wants the government to help them out. I write this letter to advise you of what I think you may expect, to put you on your guard.

I think, from the lights before me, I would move on without change until the present struggle is over. If you want to write me this week, my address will be Washington, Pennsylvania. I would like to hear your experience with the factions, at all events, if they give you time to write. No doubt you will have a better chance to judge than I, for I have avoided general discussion on the subject.

Yours truly, U. S. GRANT.

Hon. GEORGE S. BOUTWELL,

Secretary of Treasury.

The message sent to Corbin, when his duplicity was first suspected, and the final order, which laid the strong hand of the government upon the conspirators and broke their power, are the most significant declarations that the President held and treated them as enemies of the credit and business of the country.

It is impossible to say whether the groundless and wicked charge that Mrs. Grant was interested in this speculation, originated with Fisk or with Corbin ; and the charge is only made on the hearsay testimony of Mr. Fisk. He swears that Corbin told him that \$500,000 of the gold that Gould was carrying for Corbin's account was for Mrs. Grant, and that the

\$25,000 profit paid to Corbin by Gould had been forwarded to Mrs. Grant. This statement is denied by Corbin, and unsupported by Gould. The committee required Mr. Gould to produce the original check for \$25,000, and required Corbin to show what use he made of it. The check was produced, and Corbin produced the account of the officers of the Bank of America, showing that immediately on the receipt of the check, Corbin paid it on a debt which he owed to the bank. Corbin swears that he never sent or promised to send any money to Mrs. Grant or to any of the President's family; and that he never proposed to give any of them any interest in this gold speculation. And Mr. Gould swears that he did not believe that any member of the President's family had any knowledge of this gold speculation.

The pretence of Mr. Fisk, that Horace Porter, private secretary of the President, was interested in this speculation is utterly groundless.

Fisk admitted that he knew nothing on the subject except what Gould and Corbin had told him. Corbin swears positively that he never proposed to Mr. Porter to take any interest in their speculation, and never told Fisk that Porter had any such interest.

Mr. Gould was asked if he knew of any officer of the government who was interested in the gold movement, and, during a long and searching examination, he not only gave no intimation that Mr. Porter was, in any way, connected with it, but his testimony makes such a conclusion impossible. Moreover, it is in evidence that Gould once proposed to buy gold for

Mr. Porter, and received from that worthy officer a prompt and merited rebuke.

In regard to General Butterfield, it appears from the evidence that, during his administration, the affairs of the sub-treasury were managed with vigor and intelligence, and all the public funds intrusted to his charge were faithfully accounted for.

It is not conclusively proved that he was interested with the conspirators in raising the price of gold ; though on this point the testimony is conflicting. Mr. Gould swears positively that he bought two lots of gold for General Butterfield, amounting in all to \$1,500,000, and on cross-examination details the conversation that occurred between them when the order was given. General Butterfield, under oath, denies this statement. He admits that Gould proposed to buy gold for him, but says he made no response either of assent or dissent.

Both Fisk and Gould swear that they received messages from Butterfield, and answers to messages which they sent him during the days of the panic, in reference to news from Washington, and this statement receives some support from the testimony of Robert P. Brown, a messenger of the sub-treasury. General Butterfield swears that he answered all inquiries sent to him, but sent no other messages to these men. But it is proved by the testimony that during the days of the panic two firms of brokers, not acting for the conspirators, sold gold on General Butterfield's order and for his profit, and that during his whole

term of office he was dealing in United States bonds on his own account. Early in the week of the panic he sent for Joseph Seligman, a prominent broker, to come to the sub-treasury; told him he thought that the treasury would interfere, and that the price would come down, and gave him orders to sell. During the 22d, 23d, and 24th of September, while the panic was reaching its crisis, Seligman sold on this order \$700,000, on which General Butterfield made a net profit of \$35,000. Morton & Co. also bought bonds and sold gold for General Butterfield while he was in the sub-treasury; and other firms bought bonds for him.

The explanation of General Butterfield that the gold sold for him was not really speculation in gold, but an incident to dealing in bonds on a gold basis, does not, in the opinion of the committee, change the real nature of the transaction. And if it did, it is in evidence that his sale of gold through Seligman was made independently of the purchase of bonds, which had been bought before, and the profits on which were used as a margin for the sale of gold.

It does not appear from the testimony that General Butterfield disclosed the dispatches of the Secretary before making them public; but it is in evidence that during the last day of the panic he received important dispatches from the Secretary, and sent several to him, in which he exhibited the state of affairs in the gold market. Before the break in the market he sent the following dispatch:

FRANKLIN TELEGRAPH COMPANY,

September 24, 1869.

I am requested to represent to you condition of affairs here. Gold is 150. Much feeling and accusations of government complicity. The propositions of Weatherspoon, Duncan, Sherman & Co., and Seligman, if accepted, would relieve exchange market and be judicious. Should be done by telegraph.

DANIEL BUTTERFIELD.

GEORGE S. BOUTWELL.

The proposition referred to in this letter will be seen in the letter of Duncan, Sherman & Co., the writing of which was suggested by General Butterfield himself, and was that the government should loan gold to certain banking-houses, and thus relieve the market and bring down the price.

While giving this advice, and while holding, next to the Secretary of the Treasury, the most important financial trust confided to any officer of the United States, General Butterfield knew that whenever the price of gold was pushed down one cent by the action of the treasury, it would make him a profit of \$7,000 on his sales through Seligman alone. In a letter to Secretary Boutwell, of October 22d, 1866, (which is made a part of the evidence,) General Butterfield writes as follows: "The charge that I have used my private means in speculating in gold, or authorized others to do so, is wholly false."

When asked by the committee whether he knew of any officer of the United States who was directly or

indirectly interested in gold, he answered unqualifiedly in the negative. But when afterward confronted with the testimony of Joseph Seligman concerning his purchases of gold, he admitted that it was true.

In conclusion, the committee beg leave to call attention to the valuable facts and suggestions on the financial situation of the country in relation to gold and currency, as given incidentally in the testimony of Messrs. Low, Opdyke, Dodge, Schell, Vermilyra, Stewart, and Hodgskin, the consideration of which cannot properly form a part of this report.

JAMES A. GARFIELD,
JOHN LYNCH,
NORMAN B. JUDD,
JOHN COBURN,
WORTHINGTON C. SMITH,
JOHN B. PACKER,
ISRAEL G. LASH,
HORATIO C. BURCHARD.

The committee recommend the adoption of the following resolution:

Resolved, That the Committee of Ways and Means be instructed to inquire into the expediency of reporting a bill to levy such a tax on such transactions as those of the Gold Exchange and Gold Exchange clearing-house, as, in their judgment, the interests of the country shall require.

Resolved, That the Committee on the Judiciary be instructed to inquire into the expediency of reporting

a bill to define and punish conspiracy against the credit of the United States and the business of its people.

Resolved, That the Committee on Banking and Currency be instructed to inquire whether any further legislation is necessary to prevent the improper use of certified checks by the national banks, and that they have leave to report by bill or otherwise.

CHAPTER XXIII.

THE DRAWBACK FRAUDS.

THE Internal Revenue System has proved a prolific progenitor of plundering schemes and malpractices, and has given birth to many enormities, among which prominently loom up the Drawback Frauds.

The Internal Revenue Law of July 1st, 1862, permits an Allowance or Drawback on articles on which an internal tax has been paid, when such articles are subsequently exported to a foreign country, instead of being consumed within the limits of the United States. The text of the law allowing Drawbacks is as follows:

“And be it further enacted, That from and after the date on which this Act takes effect, there shall be an allowance or drawback on all articles on which any internal duty or tax shall have been paid * * * equal in amount to the duty or tax paid thereon, and no more, when exported; the evidence that any

such duty on tax has been paid to be furnished to the satisfaction of the Commissioner of Internal Revenue by such person or persons as shall claim the allowance or drawback, and the amount to be ascertained under such regulations as shall from time to time be prescribed by the Commissioner of Internal Revenue, under the direction of the Secretary of the Treasury, and the same shall be paid by the warrant of the Secretary of the Treasury on the Treasurer of the United States, out of any money arising from internal duties not otherwise appropriated."

By this law the Commissioner of Internal Revenue is made the responsible officer for determining the validity of the claims presented for allowances or drawbacks, and on his decision the Secretary of the Treasury is required to draw his warrant for the payment of such claims out of the unappropriated funds arising from internal duties.

In order to obtain such allowances or drawbacks, it is necessary to satisfy the government, first, that on specific merchandise a certain amount of money has been paid to the Internal Revenue official as a tax; and secondly, that the identical merchandise, in the same condition as when such tax was paid, has been exported to a foreign country, and actually landed therein.

Keen-scented sharpers speedily discovered that it would be a lucrative speculation to fabricate fraudulent claims for drawbacks, and draw immense sums out of the public Treasury, as an allowance for internal taxes which had never been paid on merchandise al-

leged to have been exported to foreign countries, but which in reality never existed. In order to carry out the plans of the conspirators, it became necessary to secure the co-operation of a clerk in the Bureau of Internal Revenue at Washington, who could certify to the Commissioner of Internal Revenue, that the fraudulent drawback claims presented against the government were valid and correct; it was also requisite for the success of the conspirators, that they should secure the collusive services of an employé in the Drawback Bureau in the Custom House at New York, at which place the drawback conspirators carried on their nefarious business.

The government officers, whom the conspirators desired to enlist in their crusade against the Treasury, were not proof against the temptation and bribes which were held out to them, but consented to join the conspirators on condition that they should receive a liberal share of the spoils wrested from the government, and through the connivance and malfeasance of these treacherous officials, millions of dollars were abstracted from the government on fraudulent drawback claims.

The whole scheme was so cunningly devised and so shrewdly carried out, that not the least breath of suspicion was aroused, no earthly doubt was awakened in the minds of the authorities, and all believed that everything was straight as a bee line, and correct as well in all particulars. Had all the parties to the fraud kept their mouths shut and held their tongues, the dust of ages might have quietly settled and rested

undisturbed upon the documents in the "pigeon holes" of the archives at Washington and in New York. But envy and discontent are human passions, and so is the thirst for revenge, and it was this that brought to light the whole conspiracy. It came about in this wise :

Mr. Francis A. Howard held a prominent position in the office of the Commissioner of Internal Revenue at Washington, and was especially in charge of the branch having to adjudicate upon claims for drawback allowances. His "check," with the initials of his name, "F. A. H.," was all potent with the Commissioner, and when Mr. Howard presented a certificate to Mr. Rolins thus adorned with his important monogram, the latter signed it, and it passed into the office of the Fifth Auditor of the Treasury for the issuing of the necessary papers on which the warrant was drawn, and that draft was subsequently granted. Now it happened that Mr. Howard, some time after the transactions complained of, resigned and removed to New York, opening business as a banker at No. 10 Wall street, and took up his residence in Brooklyn. In the fall of 1868 rumors of fraudulent applications for drawback money coming to the ears of the Revenue Commissioner he cast about for a suitable person to make a thorough inquiry into the manner of doing business in the New York Federal offices in regard to the drawback money. Remembering the "faithful" and "tried" services of Mr. Howard, while in office at Washington, he received the distinction of that responsible appointment. Now, there was a man by the name of

Reisenberger, who knew all about the drawback frauds, and who knew Mr. Howard also. As soon as he heard of the latter's appointment he acquainted Mr. Tracy, the United States Attorney for the Eastern District, with the fact of Mr. Howard's connection; and, once the trap lifted, the whole secret flew out, and the Caldwell Brothers, Howard, Wimster, Reisenberger and others were duly indicted by the United States Grand Jury, under which indictment Mr. Howard is still under bail in the sum of \$10,000. And thus it was that the frauds were betrayed, yet not discovered.

On Saturday, November 13th, 1869, shortly past one o'clock, Commissioner Osborn took his seat on the bench in the United States District Court room in the building on Chamber street. The fact of the commencement of this important investigation into alleged frauds against the Government being known to but few, only the parties implicated and their attorneys were present. The United States were represented by the District Attorney, Judge Edwards Pierrepont, and A. H. Purdy, assistant attorney; and for the defence appeared General William Anthon and Judge Quackenbos. General Anthon asked for a separate hearing in the case against R. Mulligan, and the proceedings began.

On rising, the District Attorney said that he would first state to the Commissioner the full and true nature of the case, to facilitate a better understanding of it, not only to the Commissioner, but to all, since erroneous and conflicting statements had gone out to the public. The cases are very numerous, involving a

vast amount of money; hence their high importance. He had now received all the papers from the Custom House in this city, and all from the Treasury Department at Washington, which were necessary to obtain correct knowledge of the transactions complained of. These cases had arisen as follows: In 1866 and prior thereto, a party paid internal revenue tax on manufactured petroleum and tobacco, and obtained a certificate from the revenue collector that the tax was paid; he then proceeded to the Custom House and obtained evidence that the goods on which the tax had thus been paid were shipped to a foreign port; these documents were then sent to the Treasury Department at Washington, where the whole of the tax so paid on goods shipped abroad was refunded. This was the internal revenue drawback, which is different and distinct from the drawback allowed on goods imported and afterwards again exported. The case now before the Commissioner would illustrate the whole, as all the others are just like it, and differ only in the amounts and in the nature of the goods. In most of the certificates of the revenue collector of the amount of tax paid, the sum named was changed after it was given by the collector; so in one case the sum of \$93, originally stated in the certificate, was altered to \$2,300.

When the certificate in this case was obtained, the firm of R. B. Caldwell & Co. were Custom House brokers. The certificate in this case was correct and not altered, but he would show to the Court that all the other papers necessary under the law and the

rules to be presented to the Custom House, were forged and written in the office of Caldwell, were sworn to before himself, signed by a pretended exporter, a fictitious person, and afterwards attested by a notary, before whom no one appeared to take the required oath or to acknowledge the signature. These papers were then sent to the Drawback Bureau of the Custom House; for it is required to pass them through that office before action is had at Washington. There it is necessary that the head of that bureau should certify that the goods mentioned, were actually shipped and are entered on the outward bound manifest of the vessel named, and which manifest is on file in the Statistical Bureau of the Custom House. The clerk professes to compare the statements in the application for drawback with the manifest as to the cargo, date of sailing, name of the ship and the place of destination, and then the chief of the Drawback Bureau puts upon the certificate his initials, and under or by the side of them he stamps, in red ink, the words, "on outward manifest," which serves for his certificate. The papers then go to the cashier's department, where a fee of twenty cents is paid for the certificate. As an evidence of payment the cashier writes his initials on the face of the document, which then wanders into the hands of the collector, who, with all the above evidences of correctness before him, has no scruples to add his signature, which is generally that of a deputy.

When, said Judge Pierrepont, he first began to examine into these cases it was perfectly apparent to

him, that if these certificates were false, somebody in the Custom House was connected with the fraud, and that it must have been either the Deputy Collector, who last signed them, or he who certified to their correctness in the Drawback Bureau. But a thorough search soon convinced him and made it clear that the Deputy Collector had nothing to do with it, and whether the other person referred to (Mr. S. T. Blatchford) is connected with it, his honor the Commissioner will now have to investigate and decide. After the papers have, in this way, passed through the Custom House they are sent to Washington to the Internal Revenue Bureau; are again examined, transferred from there to the Fifth Auditor's office, undergo another inspection, when finally the warrant issues, the draft is drawn for the money, which, when endorsed and presented, is paid. As there were a great number of these false claims it was necessary to scatter the names of the exporters over a great many; it could not have been done in the name of one firm, for that would have raised suspicion at once. Hence there were a large number of persons in the conspiracy, all of whom are known. Warrants have been issued for their apprehension and most of them have been arrested.

The main question in the case was whether the papers on which the drawback money was obtained were correct or fraudulent. He had the papers in this case both from the Custom House and from Washington, and the evidence will show that they were absolutely false, as no such goods as described in

them had been exported. The learned gentleman then exhibited to the Commissioner the warrant and the draft which was paid on the endorsement of R. Mulligan. These documents are as follows:

INTERNAL REVENUE—TREASURY DEPARTMENT.

TO THE TREASURER OF THE UNITED STATES, GREETING:—
[Vignette.]

Warrant No. 5,711. Appropriation, allowance or drawback on articles upon which internal duty or tax has been paid, per 116th section of Act July 1, 1862.	{	Pay to B. M. Johnson & Co., or order, out of the appropriation named in the margin, fifty-three hundred and seventy-five dollars and eighty-five cents, for drawback on internal revenue tax, agreeably to a certificate of the Comptroller of the Treasury, No. 42,483, dated November 2, 1866, recorded by the Register. For so doing this shall be your warrant. From under my hand and the seal of the Treasury, this 7th day of November, in the year one thousand eight hundred and sixty-six, and of the Independence the ninety-first.
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\$5,375 85.

Countersigned,

F. A. GRAHAM,

Assistant Register.

130 Pearl Street, New York.

Received for the above warrant, draft No. 7,409 on 6th New York, N. Y.

H. McCULLOCH,
Secretary of the Treasury.

R. W. TAYLOR,
Comptroller.

Draft No. 7,409, on Treasury warrant No. 5,711.		[Eagle.]
\$5,375 85.	TREASURY OF THE UNITED STATES.	
Washington, Nov. 9, 1866.		
At sight pay to B. M. Johnson & Co., or order, five thousand three hundred and seventy-five 85-100 dollars.		
[Vignette.]	No. 7,409. Registered Nov. 9, 1866.	
\$5,375 85. Internal Revenue.		
S. B. COLBY,	F. E. SPINNER,	
Register of the Treasury.	Treasurer of the United States.	
To the Sixth National Bank of New York.		

Endorsed by B. M. Johnson & Co., R. Mulligan, and C. F. Thompson, Cashier.

The draft, continued Judge Pierrepont, was endorsed by B. M. Johnson & Co., a firm which he believed was fictitious and had no existence, and also by R. Mulligan, both endorsements being in the same handwriting. The draft was paid to R. Mulligan. The District Attorney then exhibited the following certificate of the Internal Revenue Collector of the Sixth District of Kentucky, which, he said, was correct in all particulars except one, that is in regard to the mark "diamond R. W.," which was put on after it had passed out of the collector's hands and had been received at the office of R. B. Caldwell & Co.

[E.]

CERTIFICATE OF COLLECTOR OF INTERNAL REVENUE.

COLLECTOR'S OFFICE, SIXTH DISTRICT,
State of Kentucky, Sept. 6, 1866.

This is to certify, that the internal revenue tax, at the rate of fifteen cents, amounting to \$5,375 85, has been paid by Moore & Senour, of Covington, Ky., upon the following described merchandise, viz. :—

MARKS AND NUMBERS.	QUANTITY.	DESCRIPTION.	VALUE.
[R] W	Thirty-five thousand eight hundred and thirty-nine pounds. 85,889 lbs.	Manufactured tobacco at 15c.	\$5,375 85.

—upon which an allowance or drawback is claimed, as provided by the 171st section of the Act of Congress, approved June 30, 1864.

Witness my hand and
official seal the day
and year above said.

[SEAL.]

M. MULLINS,
Deputy Collector.

CUSTOM HOUSE, NEW YORK,
COLLECTOR'S OFFICE, Nov. 9, 1864.

This is to certify that it appears upon the records of this office that there were cleared at this port in the bark Jennie, whereof — was

master, for Melbourne, on the 27th day of July, 1863, the following articles of merchandise :—

[R.]	Two hundred and ninety-nine
W.	boxes of manufactured
S. T. B.	tobacco—85.839 lbs.

On outward manifest (stamped in red ink):—

Shipped by W. Richards, on which allowance or drawback is claimed, under section 116 of the Tax bill, approved July 1, 1862.

H. CALHOUN,
Deputy Collector.

Judge Pierrepont here referred to the discrepancy in the dates of the certificates, that from the Custom House, bearing the initials of Mr. Samuel T. Blatchford, being dated back nearly two years. The same fact appears in almost all the other cases, with the intent, probably, of giving it the appearance of an old transaction. He next presented the following affidavit, signed by W. Richards:

AFFIDAVIT OF MANUFACTURER, PRODUCER OR CLAIMANT.

State of New York, ss.:

Mr. Richards, of city, county and State aforesaid, being duly sworn according to law, doth depose and say, as follows, to wit:—

That upon the 18th day of August, 1863, the internal revenue tax at the rate of fifteen cents per pound, amounting to \$5,375 85, was paid to James J. Hudnall, Collector of Internal Revenue, for the Sixth District in the State of Kentucky, as per his certificate herewith annexed, upon the following described articles of merchandise, viz. :—

MARKS AND NUMBERS	QUANTITY.	DESCRIPTION.	LBS.
[R] W	299 boxes.	Two hundred and ninety-nine boxes manufactured tobacco, Thirty-five thousand eight hundred and thirty-nine pounds.	85,839.

That upon the twenty-seventh day of July, 1863, there was exported from the port of New York the quantity and amount of merchandise described in the manifesto and certificate of the Collector of Customs herewith; that the said merchandise so exported is the identical merchandise upon which the tax was paid as above mentioned; and deponent further says that R. M. Johnson & Co., of New York, are justly entitled to the sum of fifty-three hundred and seventy-five \$5-100 dollars, as an allowance or drawback of said merchandise, and he, therefore, makes this demand for the same. And deponent further says that no drawback upon the merchandise upon which this claim is made has heretofore been made by this claimant or any other party, to his knowledge or belief, and that he will hereafter make no claim therefor.

W. RICHARDS.

Sworn and subscribed before me, this

2d day of October, A. D. 1866.

M. KENYON, [SEAL.]

Notary Public.

[5 cts. Rev. Stamp.]

There is no such man in existence as this "W. Richards" purports to be; the name was affixed by a clerk in Caldwell's office and the notary signed the jurat without any person appearing before him. The signature of B. M. Johnson & Co. is also simulated, and this feature runs through the whole of these cases. There was some skill shown in the preparation of these papers, and in getting the names of vessels, the date of sailing and the port of destination. The reason why the Custom House certificates were antedated was that by the law of Congress on goods shipped after 1864, no drawback was allowed. The ship named sailed to the port designated; it had a small quantity of tobacco on board and the real shipper probably obtained the drawback on it, and all subsequent applications were false and fraudulent.

The District Attorney then called Mr. George W. Wright as the first witness for the prosecution. He

was shown a large roll of paper, and after inspecting it testified that it was the original outward bound manifest of the bark Jennie, which cleared from this port for Melbourn, Australia, on July 27th, 1863; that he brought it from the Custom House, where it is on file: he had examined it carefully and found that no such goods as mentioned in the Custom House certificate (copied above) were thereon entered. He also identified the latter certificate as being the original drawback certificate issued in such cases, and that the initials "S. T. B." were the writing of Mr. Samuel T. Blatchford.

The next witness was George A. Mercer. He stated that he was a clerk in the Treasury Department at Washington; that the above certificate and accompanying documents were brought by him from the files in the office of the Register of the Treasury. (Mr. Pierrepont here read the affidavit signed "W. Richards" and called the attention of the Commissioner to the discrepancy in the name, it being given as "M. Richards" in the body of the document, and as "W. Richards" in the signature, and said further that he would give the defence all reasonable time to produce the man in court if he had a living existence.) The witness then identified the warrant and the draft (copied above) as the originals issued by the department, and that the draft had been paid by the drawee, and cancelled. He also identified as being the original certificates issued by the officers named therein, the following two documents:—

No. 42,493.

TREASURY DEPARTMENT,
FIFTH AUDITOR'S OFFICE, Oct. 30, 1866.

I hereby certify that I have examined and adjusted an account between the United States and B. M. Johnson & Co., and find that the sum of fifty-three hundred and twenty-five 85,100 dollars is due from the United States unto them, being the amount awarded by the Commissioner of Internal Revenue, per certificate No. 9,170 herewith, as drawback, allowed in accordance with section 116 of the Act approved July 1, 1862, to provide internal revenue.

Let a draft for the amount be remitted to them, 130 Pearl street, New York.

Submitted for the decision of the Comptroller thereon.

\$5,325 85.

C. M. WALKER, Auditor.

TO THE FIRST COMPTROLLER OF THE TREASURY.

\$5,375 85.

TREASURY DEPARTMENT.
COMPTROLLER'S OFFICE, Nov. 2, 1866.

I admit and certify that fifty-three hundred seventy-five and 85-100 dollars is due and payable as stated in the above report.

R. W. TAYLOR, Comptroller.

TO THE REGISTER OF THE TREASURY.

[Official.]

C. B. Y.

F. A. H.

M. C.

No. 9,170.

\$5,375 85-100.

TREASURY DEPARTMENT,
OFFICE OF INTERNAL REVENUE
WASHINGTON, Oct. 27, 1866.

This is to certify that there has been filed in this office, the evidence required by the regulations of the Secretary of the Treasury on the subject of drawback, showing that the internal revenue duties have been paid on the following described merchandise, viz.:—35,839 pounds manufactured tobacco at 15 cents per pound, and that the same were duly exported from the port of New York and a bond executed with sufficient sureties, conditioned that the same be not relanded within the United States.

And I do certify that B. M. Johnston & Co., of New York, are entitled to an allowance, a drawback thereon, amounting to five-thousand three hundred and seventy-five 85-100 dollars, as provided by the 171st section of the Excise law, approved June 30, 1864.

E. A. ROLLINS,
Commissioner.TO HON. C. M. WALKER,
Fifth Auditor of the Treasury.

On being asked the witness stated that the initials "F. A. H." at the top of the last document represented the name of Francis A. Howard, a clerk in the drawback bureau of the Internal Revenue office; that they were in his handwriting, and were his "check" that it was "all right."

William G. Korn was then put upon the stand and testified as follows:—In 1866 was clerk for R. B. Caldwell & Co., 220 Pearl street, engaged in business as internal revenue drawback brokers; on May 1st, 1866, they moved to 284 Pearl street; was first employed by them in the latter part of 1865 and continued with them till the spring, 1867; his salary was stopped in the fall, 1866, but the money did not stop; he had then something better of it; he was familiar with their business; they talked freely with him. (The Kentucky revenue collector's certificate was shown the witness.) Knows the paper; this certificate was given to Caldwell by Charles R. Squires; the mark (diamond R. W.) was not on it; it was put on afterwards; it appears to be Caldwell's hand; the Custom House certificate (exhibited to the witness) is in the handwriting of Joseph T. Wellwood; witness is familiar with the stamp on it (meaning the red ink stamped words "on outward manifest") saw it out of the Custom House, at the office of R. B. Caldwell & Co.; Mr. Samuel T. Blatchford brought it there; witness knows Mr. Blatchford's initials; saw them more than a hundred times; those on the paper are Mr. Blatchford's; the affidavit signed R. Richards is in the hand-writing of R. Mulligan, who had an office at 130 Pearl street;

the body of the affidavit was written in the main office of R. B. Caldwell & Co.; it was then taken into the private office by R. B. Caldwell and R. Mulligan; the paper went in without any signature, and when it was brought out of the private office it had the signature; witness was then directed to take the affidavit to the notary; nobody went with him; there was no man named Richards about there; witness took it to the notary, who signed it; no such man as Richards was there; witness is familiar with the handwriting of the signature; saw it frequently; it is Mr. R. Mulligan's. [The endorsement on the draft being shown the witness he said that Mulligan was the company of B. M. Johnson & Co.] Don't know who B. M. Johnson is; the writing of the first endorsement ("B. M. Johnson & Co.") is Mulligan's; so is also the second, ("R. Mulligan.")

Cross-examined—I am twenty-one years old; was then about seventeen years; the "something better," was an interest in the drawback money collected; knew that the claims were fraudulent; had one-third of the profits and got between \$4,000 and \$5,000 in commissions on drawback claims he brought to R. B. Caldwell & Co.; he was arrested in January, 1869, and indicted for these frauds and is now under indictment; stated all the facts he knew to Mr. Pierrepont about a month or six weeks ago; did so under advice of his counsel; no inducements were held out to him to reveal all he knew; his only motive was that he did not see why he should suffer while a dozen or more who made much more money should go free; Joseph

T. Wellwood was bookkeeper for R. B. Caldwell & Co.; the notary's office was at 64 Wall street; has been in the habit of going to the same notary with other similar papers; B. M. Johnson & Co. had a sign out, was frequently there; saw Mr. Samuel T. Blatchford at Caldwell's frequently; from two to three times a week; Blatchford was there often with Mulligan; witness remembers the papers in this case, from the amount, because it was the largest claim they had made.

In answer to a question by the District Attorney witness stated that he remembered a controversy between Caldwell and Mulligan about the division of the money; Mulligan refused to pay the money over after it was collected.

Cross-examination continued—Mulligan admitted he had received the draft, but afterwards said he hadn't the money, he had lost it in speculation; Howard, the clerk at Washington, in the Treasury, advised Caldwell that the draft had been sent on; on all the other claims, so far as witness knows, Mulligan handed over the money to R. B. Caldwell.

The District Attorney then resumed the direct examination of the witness. Caldwell said that Mulligan had no right to keep the money; that Mulligan had been paid well enough for collecting it; witness does not know how much Mulligan was paid; from the entries in the book witness judged that Caldwell received the whole amount of the other claims. In answer to a question by Commissioner Osborn, Korn stated that he knew of no other interest Mulligan had

than what Caldwell had told the witness. In reply to an inquiry from Judge Quackenboss, he said, that by an order from Washington the time to file drawback claims expired with the 1st of November, 1866.

By the Commissioner—Saw Mulligan fill out the blanks in the affidavit signed “W. Richard;” Mulligan knew the claims were fraudulent; he often said what a nice thing it was; five or six months ago witness met Mulligan on the ferry, and he said, witness need not be frightened, that they can’t do anything against him; he gave no reason for it; Mulligan often came to the office of R. B. Caldwell & Co.; made it his headquarters; he looked at the papers, laughed, and said that it was a very good business, and that the government couldn’t do anything against it; he said so in Caldwell’s office during the year 1866, in the presence of witness, Wellwood, John S. Caldwell and R. B. Caldwell; witness was the Custom House clerk for the firm, Wellwood bookkeeper; they all understood the whole thing; it was freely talked about among them, and Mulligan also; witness recollects one case particularly; Caldwell sent off a lot of claims one afternoon; it was a big pile; Mulligan laughed and said it was a nice thing; witness was posting books; Mulligan said it was all right; government can’t do anything even if they find it out.

Here the prosecution rested.

Just as this case closed, a deputy marshal appeared in the court room, having Mr. Francis A. Howard in custody, the gentleman referred to above as a clerk in the Internal Revenue Bureau at Washington, during

the time these frauds were perpetrated. Mr. Howard was arraigned on the charge, and said he would prefer the examination to proceed at once. It was, however, set down for Monday, and on the suggestion of Assistant District Attorney A. H. Purdy, bail was fixed in the sum of \$10,000. Mr. Howard a few minutes later paid a visit to Judge Pierrepont in his private office in the building, and, with great coolness of tone and self-assured manner, shook hands with the legal prosecutor of the government, saying, "Mr. Pierrepont, I have for some time intended to call upon you and make your acquaintance, to talk this matter over with you," which refreshing remark elicited quite a smile from the District Attorney. Howard's counsel called afterwards and sought to induce Judge Pierrepont to let the bail bond for \$10,000 which Howard furnished when indicted last spring, stand as valid in the present case in lieu of a new bond; but the Judge refused, and the hour being late, Mr. Howard was remanded to the custody of the Marshal.

On Monday, November 13th, 1869, the case of the United States against Francis A. Howard was heard before Commissioner Osborn. The documents produced on Saturday were offered and admitted in evidence, as also the fact that the initials "F. A. H." on the certificate signed by E. A. Rollins, Commissioner of Internal Revenue, and directed to the Fifth Auditor of the Treasury, were in the handwriting of the defendant.

William J. Korn was then placed upon the stand and testified substantially as follows, the District

Attorney having first exhibited to him the following check :

[Stamp.]	No. 76.
NEW YORK, <i>March 5, 1867.</i>	
SEVENTH WARD NATIONAL BANK OF NEW YORK.	
Pay to F. A. HOWARD, Esq., or order,	
Two Hundred Dollars.	
\$200.	W. J. KORN.

Endorsed: Pay to the order of Dibblee & Howard.

F. A. HOWARD.

For Deposit Account of Dibblee & Howard.

Witness knows the check; it was drawn by himself to the order of Mr. Howard; knows the defendant, Francis A. Howard; witness was clerk for R. B. Caldwell & Co., Custom House Internal Revenue brokers, who had an office in Pearl street in this city; commenced with them in the fall of 1865, and remained till spring 1867; he ceased to be with them in February -or March, when he left their office; he saw Howard frequently; saw him first at Caldwell's office, No. 220 Pearl street, early in 1866; saw him there many times after that and understood he was a chief clerk in the Washington Internal Revenue Department; heard him often converse with Caldwell, but does not recollect any particular subject on which they conversed; once witness saw Mr. Howard dictate to Mr. Caldwell, in the latter's office, how to make up drawback claims; this was in 1866, can't give the number of times that Howard was in Caldwell's office; witness don't know that he heard the conversation

between Caldwell and Howard except that once, when Howard dictated to Caldwell; when Howard came he and Caldwell went into the private office, and then witness did not hear their conversation; witness again identified the initials "F. A. H." as being in Mr. Howard's handwriting.

Being asked by the District Attorney about the check, copied above, Mr. Korn said that the check was given for a claim made in the name of J. H. Fischer; he gave Mr. Howard the claim; the understanding was that Mr. Howard should receive ten per cent. of the amount of the claim on its passage through the Department; the amount of the check was for the ten per cent.

Judge Pierrepont then handed the witness the following check:

No. 18.	[Stamp.]
DESIGNATED DEPOSITARY OF THE UNITED STATES,	
NEW YORK, Dec. 14, 1887.	
OCEAN NATIONAL BANK.	
Pay to F. A. HOWARD, on order, One Thousand Three Hundred and Nineteen 76-100 Dollars.	
\$1,819 76-100.	J. O. R. WILSON, <i>Ag't.</i>

Endorsed: F. A. HOWARD.

For Deposit Accounts of DIBBLEE & HOWARD.

Mr. Korn, on looking at it, said that he knew nothing at all about it; whereupon the District Attorney recollected that it is by another witness he proposed to prove the connection of this check with

Howard's complicity in the frauds, and withdrew it for the present. The following four checks were then submitted to the inspection of the witness:

[Stamp.]	No. 116.
NEW YORK, <i>April</i> 10, 1867.	
THE BANK OF NEW YORK, NATIONAL BANKING ASSOCIATION.	
Pay to F. A. HOWARD, Esq., or order, One Hundred and Fifty-six 98-100 Dollars.	
\$156.98.	J. T. WELLWOOD & CO.

Endorsed: F. A. HOWARD.

[Stamp.]	No. 117.
NEW YORK, <i>April</i> 10, 1867.	
THE BANK OF NEW YORK, NATIONAL BANKING ASSOCIATION.	
Pay to F. A. HOWARD, Esq., or order, Twenty-five Dollars.	
\$25.	J. T. WELLWOOD & CO.

Endorsed: F. A. HOWARD.

[Stamp.]	No. 169.
NEW YORK, <i>May</i> 1, 1867.	
BANK OF NEW YORK, NATIONAL BANKING ASSOCIATION.	
Pay to the order of F. A. HOWARD, Esq., Two Hun- dred and Thirty-three 59-100 Dollars.	
\$233.59.	J. T. WELLWOOD & CO.

Endorsed: F. A. HOWARD.

[Stamp.]	No. 133.
NEW YORK, <i>April</i> 17, 1867.	
BANK OF NEW YORK, NATIONAL BANKING ASSOCIATION.	
Pay to the order of F. A. HOWARD, Esq., Five Hun- dred and Ninety-seven 63-100 Dollars.	
\$597.63.	J. T. WELLWOOD & CO.

Endorsed: F. A. HOWARD.

These checks, the witness said, were all given to Mr. Howard for the same purpose—that is, for passing claims at the Department for J. T. Wellwood & Co.; they were all signed by the witness himself—Wellwood being the partner of the witness at that time; the checks are for ten per cent. on each claim.

District Attorney: And what of this check? (handing the witness another, of which the following is a copy):

[Stamp.]	No. 79.
NEW YORK, <i>March</i> 6, 1867.	
SEVENTH WARD NATIONAL BANK OF NEW YORK.	
Pay to F. A. HOWARD, Esq., or order,	
Ten 57-100 Dollars.	
\$10 57-100.	W. J. KORN.

Endorsed: F. A. HOWARD.

Witness knows the check; it was drawn by him the day after the \$200 check was drawn; it was part of the ten per cent. paid Howard on the Fischer

claim; witness paid Howard first, the check for \$200; Howard came back and said it was not ten per cent. in full, as the claim was \$2,105.70, and the percentage amounted to \$210.57; witness said to Howard he would make it right, and on the next day the witness handed Howard the above check for \$10.57 to make the ten per cent. full.

The claims, the witness continued, were all fraudulent; Howard understood it; he asked witness once who the exporter in a certain claim was, somebody down town? the witness answered him no, it was nobody; Howard shook his head knowingly and smiled; witness often saw checks to the order of Howard, drawn by R. B. Caldwell, put in envelopes, sealed, addressed to Howard to his private box, No. 805, at the Washington Post Office, and witness would mail them. Caldwell's check to Howard were all for ten per cent. on the amount of the claim collected; saw such checks over a dozen times; these checks were paid to Howard; knows this from the balances made at the bank, and looked once or twice over the backs of checks and saw Howard's endorsement, knowing his handwriting; shortly before witness left Caldwell's he posted up the books; the claims collected amounted to from \$200,000 to \$250,000; the ten per cent. paid to Howard was from \$20,000 to \$25,000; the books gave an account of every claim sent on for collection, and in the margin an account of all allowances and of the division of the money in this way:—S. T. B., ten per cent.—meaning ten per cent. of the

claim paid to Mr. Blatchford; F. A. H., ten per cent., or ten per cent. paid to Mr. Howard, and so on.

The remaining eighty per cent. was equally divided between him who produced the Revenue Collector's certificate and R. B. Caldwell & Co. At the start Caldwell paid to the man who brought the certificate fifty per cent. of the amount of the tax, but he found the expenses so heavy that he afterwards made the man pay half the expense. Mr. Charles R. Squires, Mr. William H. Whimster, the witness, and Mr. Wellwood, the book-keeper, brought in some of these tax certificates. The percentage was paid to Blatchford for passing the claims through the Custom House, and to Howard for doing the same in the department at Washington. Witness knows this, for the checks were made out for that percentage and were sent to them. He saw Blatchford come to Caldwell's and receive his percentage at the office; he also saw the checks come back from the bank with their endorsements

The witness Korn was then subjected to a rigid cross-examination by the defendant's counsel, a good deal of which was mere repetition, but a few very interesting revelations were brought out in the course of it. Korn stated that the Richards claim was fraudulent, no such man being in New York to have shipped the goods; he also knew all about the Fisher claim; it belonged to Reisenberger and Wellwood & Co., and was made up by the witness himself; it was all fictitious, and he can solemnly swear that Howard passed it through the department at Washington; the

letters to Howard were never copied; they took particular care not to copy these letters, but all official letters to the department were copied; the ten per cent. was paid to Howard for passing claims, and not for advice or instruction; the money was paid at no stated time, almost at any time after the money was received; it took from four to six weeks to have a claim passed through the department; J. T. Wellwood was a partner of the witness and they did the same business; they did but little; the man they had to assist them at Washington, named Freer, ran away with the money; checks for Howard were sent to Washington throughout the year 1866, but witness don't know as to 1867; witness saw Howard in business here in February or March, 1867; the checks were paid Howard on the receipt of the money from the treasury.

The defendant waived a further hearing, and was held for trial before the United States District Court.

A warrant was issued for the arrest of Samuel T. Blatchford, the Custom House officer through whose alleged complicity, connivance and co-operation, these hostile manœuvres against the Government were devised and executed. Blatchford waived a hearing and was held to bail for trial.

Upon the discovery of the drawback frauds, R. B. Caldwell, the chief conspirator and most active manipulator of the iniquitous depredations on the exchequer, betook himself by the under-ground railway to Canada, the hyperborean asylum of American malefactors. At the instance of the United States authorities he was arrested at Montreal, on the charge

of forgery, and his extradition to New York for trial was demanded under the treaty. Caldwell's counsel drew some fine-spun distinctions between forgery in Canada and forgery in New York, and so muddled the Montreal Judge, as to induce that functionary to discharge the accused. Caldwell was permitted to leave the court room in peace; but when the agents of the Federal Government, armed with a new warrant for his arrest, started in pursuit of the fugitive, they found the doors barricaded to prevent their egress, and before they succeeded in making their exit the fugitives had obtained such a start as enabled him to elude them. It is not creditable to Canadian law that a culprit should be suffered to go at liberty, and it is still less creditable that he should have been shielded from pursuit by such an unseemly trick. The United States authorities were not disposed to be thwarted in their determination to bring Caldwell to justice, and accordingly a vigorous pursuit of the fugitive was instituted and he was at length apprehended, and after due consideration of the matter the Canadian authorities surrendered him to the custody of the Federal officers, by whom he was conveyed to New York, where he will be tried for his alleged offences.



